autumn 1999 no. 8

Aufheben

revolutionary perspectives

The War in Kosovo

Plus:

Re-imposition of work in Britain and the 'social Europe'

Left Communists and the Russian Revolution

£3.00

Aufheben

(past tense: *hob auf*; past participle: *aufgehoben*; noun: *Aufhebung*)

There is no adequate English equivalent to the German word *Aufheben*. In German it can mean 'to pick up', 'to raise', 'to keep', 'to preserve', but also 'to end', 'to abolish', 'to annul'. Hegel exploited this duality of meaning to describe the dialectical process whereby a higher form of thought or being supersedes a lower form, while at the same time 'preserving' its 'moments of truth'. The proletariat's revolutionary negation of capitalism, communism, is an instance of this dialectical movement of supersession, as is the theoretical expression of this movement in the method of critique developed by Marx.

Aufheben 8 autumn 1999

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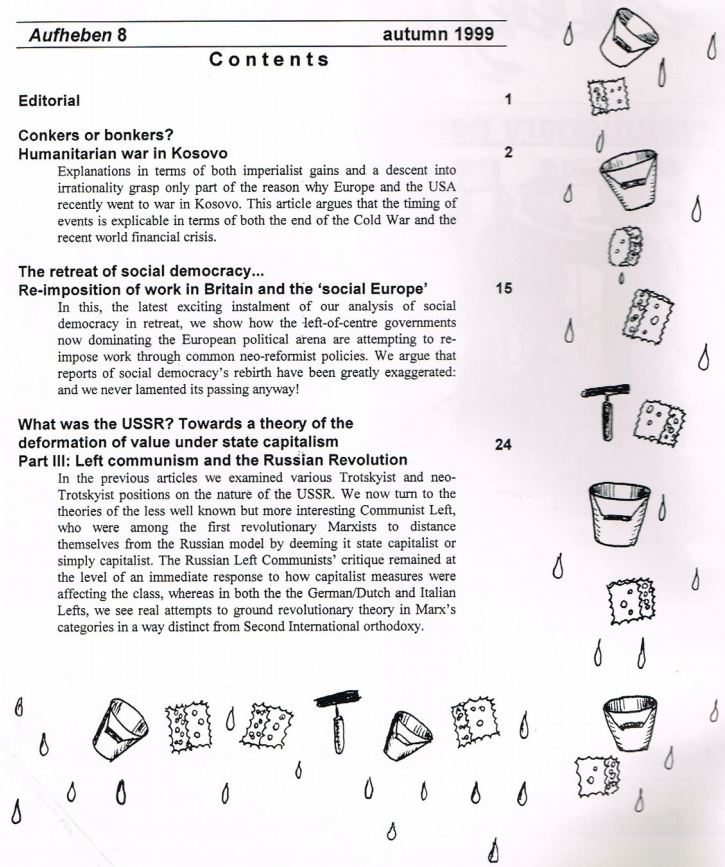
In the previous articles we examined various Trotskyist and neo-Trotskyist positions on the nature of the USSR. We now turn to the theories of the less well known but more interesting Communist Left, who were among the first revolutionary Marxists to distance themselves from the Russian model by deeming it state capitalist or simply capitalist. The Russian Left Communists' critique remained at the level of an immediate response to how capitalist measures were affecting the class, whereas in both the the German/Dutch and Italian Lefts, we see real attempts to ground revolutionary theory in Marx's categories in a way distinct from Second International orthodoxy.



Editorial

For the first time in more than half a century, the main Western powers have been conducting a war in Europe. The tragedy of the Kosovo war was the sheer absence of an adequate internationalist response. The war itself and the paucity of opposition can both be understood in terms of the current state of the class struggle. For bourgeois ideologues, the 'defeat of socialism' (in actual fact the retreat of social democracy and the collapse of Stalinism) was supposed to usher in a new golden age of free trade and economic growth. Yet only just over a year ago the financial crisis originating from the Far East sparked fears among the bourgeoisie that a world slump and even the collapse of the world financial system was in the offing. The crisis spread, but the US economy has so far proved able to withstand the pressures. Indeed, since then, with the continued recession in Japan and with Germany still in the doldrums, it is only the strong growth in the USA that has kept the rest of the world economy afloat.

A world financial crisis would have seen a return to austerity and mass unemployment in the USA and Britain. But the fading of the imminent threat of crisis has instead allowed the continued implementation of 'Third Way' policies in Britain and America, and their 'new reformist' equivalents in Europe. As we discuss in our latest article on the retreat of social democracy, at the heart of the Third Way is a relatively expensive ideological offensive intended to drive into the labour-market many categories of people that have hitherto subsisted outside it. This form of re-imposing work is different from the old social democratic 'concession' of full employment. Unlike the 'gains' of social democracy, the policies of the Third Way and the new reformism reflect the weakness rather than the strength of the working class.

The limits of the opposition to the war can likewise be attributed to the retreat of social democracy and the chronic weakness of the working class. Whereas in the past a broad anti-war movement could have been be expected in Britain, on this occasion many of the kind of people that would have comprised such a movement - 'Old Labour' socialists, pacifists, CND-types etc. - have lined up behind the New Labour Government. Sharing Third Way and new reformist values of 'fairness' and 'justice', the NATO nations' expressed rationale for the bombing was 'humanitarian intervention'. In the absence of any obvious vested material interest to explain the war, the only choice that disillusioned leftists and confused liberals could therefore recognize was between the Third Way and barbarism. Of course, as the war proves, the Third Way simply *is* barbarism: it has served to legitimize a war in a way that traditional appeals to 'the national interest' would have found impossible.

However, the absence of an adequate opposition to the war does not reflect a general acquiescence, an absence of overt antagonism. Only a few weeks after the war ended, London witnessed the most impressive outbreak of mass 'public disorder' since the 1990 poll tax riot. Despite the eclecticism and the one-sided equation of capital with the financial markets in the June 18th publicity, the event itself was uncompromising. It provided a superb opportunity for antagonistic tendencies to express themselves - which they did in exemplary fashion by smashing the properties of the financial centre and bricking the cops. The resistance simply asserted itself without permission or mediation from anyone. Those 'revolutionary' critiques of June 18th which focus only on its literature and prior ideology miss the point; criticisms of the ideas might be correct in themselves, but they are *only* at the level of ideas.[1] The action was considerably more eloquent and articulate than the leaflets in its critique of capital.

Thus June 18th was far beyond the imagination of the depressing and leftist-dominated national demonstrations against the war. Yet if the war was a function of the current state of the class struggle, why didn't those involved in the 'carnival' turn their energies towards fighting the war? No doubt most of those at the June 18th event in London felt opposed to the war, but it is apparent that few of them regarded the war as the *central* and *most pressing crisis* of the moment.[2] We must acknowledge and welcome the fact that this co-ordination strove for a greater coherence than past anti-car Reclaim the Streets events by turning its attention to what it understands as the source: capital. But there is an issue of what capital *is*. If we are fighting 'capital' then we must constitute ourselves as the proletariat. From a proletarian perspective, the war should have been the central concern rather than one issue amongst others.

While the triumph of social democracy demobilized the working class as the agent embodying and linking struggles over bread-and-butter issues (such as wages) with 'utopian' desires (such as revolution), the decline of social democracy has seen no organic re-linking of the different moments of resistance to capital in a single practical critique: no re-born *proletarian movement*. The antagonistic tendencies remain fragmented. June 18th at least offered a forum for unity through shared practical opposition to the G8 and capital. Yet it was a formal unity which pre-supposed the existing fragmentation of the struggle against capital into different 'issues'.

A recurrent theme in both our articles on the retreat of social democracy and our series on the nature of the USSR, is that it is not markets that define capitalism, but wage-labour: markets only realize value; they do not produce it. Yet, of course, capital, as self-expanding value, seeks to extend and realize itself; it seeks markets even where state-forms and class struggle restricts it. War and G8 summits are both means of achieving this extension and realization. Capital is not a thing but a social relationship that develops and takes different forms. Recognizing capital and its moments is to recognize ourselves as the proletariat.

September 1999

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[1] See the two critical articles in *Uniundercurrents* 6 and 7 (c/o Sussex Autonomous Society, Falmer House, University of Sussex, Brighton BN1 8DN) and the article 'Wrong direction: On reclaiming a one-way street' by George Forrestier in the forthcoming *Reflections on June 18th*.

[2] See 'War is the health of the state: An open letter to the UK direct action movement' In *Do or Die* 8 (c/o 6 Tilbury Place, Brighton, BN2 2GY).

Conkers or Bonkers?

Humanitarian War in Kosovo

Introduction

After the Gulf War we carried an article that considered the failure of **No War But the Class War** to make an effective communist intervention in the anti-war movement. This time round, despite the fact that support for the war was incredibly weak on the part of the population at large, there was barely a credible anti-war movement to make an intervention in!

The liberal-left that had grown up around CND and the peace movement since the Suez crisis in 1956, and which has always provided the mainstream of anti-war movements in Britain ever since, was irrevocably split. Many of those who had been the most vocal in denouncing the Gulf War now lined up behind Blair and became the most vociferous of the warmongers. As a result opposition to the war was left to a motley collection of die hard old labourites, Serbian nationalist exiles and the depleted ranks of the various Trotskyist and Stalinist parties.

This is of course hardly surprising. The liberal-left and the British peace movement have always supported the imperialist aims of British foreign policy. They have only disputed the means of carrying such policies out. Thus CND was quite prepared to support the Falklands war so long as nuclear weapons were not involved, while against the bombing of Iraq Tony Benn and co. simply argued that it was more 'humane' to starve Iraq into submission through UN sanctions than to carpet bomb them. The latter policy subsequently was adopted by the US and British State to great effect. With the war in Kosovo, the moralism that has been so central to the British peace movement was turned against it with devastating effect. In the face of a 'humanitarian war' that 'aimed to prevent mass ethnic cleansing' the peace movement was flummoxed.

Yet it was not only the liberal-left and the peace movement that were paralysed by this 'humanitarian war' but also the DIY/Direct Action movement that has grown up since the Gulf War[1]. Confronted by their own argument *'that you have got to do something!'* the DIY movement was unable to do anything against the war. At most a few lined up behind the ex-WRP and 'Workers Aid to Kosovo' but in doing so ended up effectively, or even openly, supporting the Kosovo Liberation Army (KLA). If anything has exposed the limits of Direct Actionism and the moralism of what passes for the left in Britain it has been the Kosovo war. What the war has emphasised is a need for a clear analysis of the current world situation that has rendered many old assumptions obsolete.

[1] See 'War is the health of the state: An open letter to the UK direct action movement' in *Do or Die* 8 (c/o 6 Tilbury Place, Brighton, BN2 2GY).

Oil and chestnut trees

The immediate cause of the Gulf War could be summed up in one word - *'oil'*. Of course the Gulf War was not simply about securing oil supplies and the profits of the major oil companies. The war was also about securing the recycling of petrodollars through the Kuwaiti banks, crushing the militant 'oil proletariat' of both Iraq and the Middle East in general and asserting a New World Order following the collapse of the USSR. However, the existence of a tangible and obvious material interest such as oil meant that few could be taken in by the facile justifications concerning the 'violation of international law' that were put forward to legitimate 'Operation Desert Storm'.

In contrast there are no immediate economic interests in Kosovo. All attempts to discover an immediate but hidden tangible interest in Kosovo have failed. Whether it is the strategically important chestnut forests so vital to western economies, the mines of northern Kosovo or the prospect of routing oil from the Caspian Sea 1000 miles away through this area, all attempts to expose the 'humanitarian war' as a conflict over economic resources have failed to stand up. Furthermore, not only is there a lack of immediate economic resources, Kosovo itself appears to have very little strategic interests for the western powers.

It was this absence of any obvious economic or strategic interests involved in Kosovo which lent credence to those pro-war liberals who saw the war as a 'humanitarian war' whose sole aim was to prevent 'ethnic cleansing'. Of course, the fact that this 'humanitarian war' unleashed the very 'ethnic cleansing' that it was supposed to have prevented led to the wholesale bombing of civilian targets in Serbia and has now created conditions for retribution and revenge against the Kosovan Serbs which NATO forces have proved incapable of preventing, only goes to show the justifications for the war in Kosovo were just as facile as those used to justify the Gulf War.

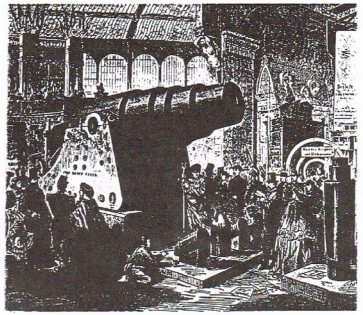
However, the question remains: why did NATO bomb Serbia into submission? What implications does such 'humanitarian imperialism' have for the future? What is clear is that the underlying causes of the war do not lie in Kosovo as such. In fact it could be argued that it was the very insignificance of Kosovo in economic and strategic terms that allowed it to become a site of conflict. The war in Kosovo can only be understood as being symptomatic of wider conflicts that have emerged with the break up of Eastern Europe and the attempt to impose a New World Order.

Yet in setting Kosovo in a global context it is not sufficient to simply dismiss all the obvious and immediate explanations that have been put forward and then merely assert some abstract tendency for decaying capitalism to

generate wars or to become 'senile and irrational'[2]. It is necessary to see how such general tendencies of capitalism have come to manifest themselves in such concrete situations as the Balkans. In considering the war in Kosovo we must therefore first of all consider the general tendencies towards war and peace in capitalism.

War and Peace

Capitalism enters the historical stage drenched in blood. In coming into being capitalism must destroy, or transform, all pre-capitalist social relations and replace them with its own world of competitive individuals united through the abstract unity of money and the state. But while money itself is an effective solvent for the dissolution of pre-capitalist social relations, it is insufficient to create the pre-conditions for capital. Capitalism requires force - both in order to tear the direct producers from the land and the means of production to create an exploitable proletariat and to batter down all the traditional and customary barriers to the free circulation of money and commodities. Furthermore, the emergence of capitalism calls forth the modern bourgeois nation state as its protector. A state that can only be forged through war and patriotism.



The giant Krupp canon at the Paris World Exhibition, 1867

As a result the emergence of capitalism has necessarily involved war, plunder and genocide. Yet once capitalism becomes established on its own basis - once exploitation can assume the veil of the free exchange of commodities - capital can stride forth in the guise of the cosmopolitan liberal, extending the hand of trade and friendship to all across the globe. Of course, the need to create and preserve the preconditions of capital remain, yet they exist only at the peripheries and are no longer, except in times of crisis, of central concern, least of all for the individual capitalist. Industrial capital demands law and order - peace and stability - in order to protect its investments. War no longer represents a chance to make quick profit but only means disorder, disruption and higher taxes[3].

It is therefore no surprise that those pioneers of industrial capitalism - the cotton lords of 19th century Lancashire - were often Quakers, nor that modern secular pacifism arose amongst the liberal intellectual bourgeoisie. In dissociating itself from the necessary evil of the state - that guarantees capitals preconditions through the ultimate threat of force - capital can proclaim itself as the envoy of peace, civilisation and reason. Therefore those who oppose the spread of capital and bourgeois reason can only be unenlightened, criminal or insane,[4] or a combination of all three.

During the *Pax Britannica* of the 19th century liberals could believe that the spread of bourgeois rationality and free trade would eventually civilise the world and bring an end to war. However, such illusions in capitalism as the harbinger of peace were to be shattered by the world wars of the 20th century. Of course, for the liberal pacifists of the 20th century the cause of endless wars was not so much capitalism as such but those evil capitalists of the arms industry whose close connection with the state allows them to hijack foreign policy.

Of course, it is important not to underestimate the considerable influence of the military-industrial complex that has grown up in the 20th century and the effect this has had on the foreign policy of the modern state. Yet it is an insufficient explanation of the drive to war that has emerged so forcefully within 20th century capitalism. War, and the preparations for war, are hugely expensive and a drain on the surplus-value that could otherwise be invested. Why should an otherwise 'peace loving' bourgeoisie allow the state to be run for the profits of a few arms manufacturers at their expense? Are they simply dupes or do they recognise their own interests in the drive towards war and arms production?

The first world war not only shattered the illusions of capitalist progress and peace but also exposed capitalism's inherent tendency towards war. Of course, war has existed long before capitalism. But with capitalism war is completely transformed. If nothing else, capitalism's development of the forces of production allows it to produce forces of destruction on an unprecedented scale. More than ever before the balance of military power rests ultimately on the balance of economic power[5]. As such war, and the long preparations for war, come

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2 This is a position put forward by Left Communists such as the ICC. See also 'Humanitarian Barbarism: Nato's war against Yugoslavia' in *Uniundercurrent* 7, June 1999.

3 Unlike industrial capital, mercantile capital is unable to produce surplus-value since it is confined to the sphere of circulation. In the absence of industrial capital, mercantile capital's profits depend on either accidental or enforced monopoly that allows the mercantile capitalist to violate the law of equal exchange so as to buy cheap and sell dear. With the development of the world market in the sixteenth century mercantile capital became increasingly dependent on state power to enforce its monopoly position. Piracy and war were central to the accumulation of mercantile capital until the development of industrial capitalism in the nineteenth century.

4 The obvious example of those who have offended cosmopolitan liberal rationality for attempting to defend their own national accumulation of capital are Stalin, Hitler, Saddam Hussein, Milosevic.

5 Of course the obvious exception to this was the Vietnam war where the world's greatest economic power was defeated by one of the world's weakest. However, the defeat of the US was caused, not

to encompass the whole of society. In capitalism war becomes total war, galvanising whole nations and continents as was seen in the world wars. Yet, at the same time, as the war becomes more technological it also can become more specialised. As we have seen in Kosovo, mass destruction can be wrought by a few bomber pilots while the effects and demands of such a war can remain remote from the domestic population of those nations inflicting such devastation.

These two forms of modern war - total war between major imperialist powers and specific or punitive wars between major and minor imperialist powers or between minor powers - can be seen to be inherent in capitalism, emerging in the alternating phases in capital accumulation. How then do such forms of war arise?

As Hobbes recognised, behind all its civilised formalities, bourgeois society is ultimately based on a war of all against all. Life in capitalist society is a competitive battle where individuals are pitted against each other and are forced to survive by fair means or foul. Yet this competitive struggle is most intense between capitals which by their very nature must 'expand or die'. However, these conflicts of capitalist society are contained and mitigated through the capitalist state. By concentrating legitimate violence into its hands, the bourgeois state is able to impose law and order and provide the social cohesion necessary for the relatively peaceful development of capital accumulation. At the same time the state provides protection for the expansion of its own domestic capital abroad - and as such all states become actual or potential imperialist powers at some level.

Yet at the international level there is no world state, only an 'anarchy' of competing nation states each seeking to further capital accumulation of their own national capitals. The war of all against all that is reconciled at the national level re-emerges as imperialist rivalries at an international level. However, such rivalries can be contained to the extent that there are plenty of profits to be made and that there exists a dominant nation state which, in pursuing its own national interests, can impose a general interest of capital world-wide.

During a period of stable capital accumulation, in which there is an uncontested hegemonic power, war can be confined to the peripheries of the capitalist world. War is then merely a means of 'policing' the capitalist world order, or reflects mere squabbles within the imperialist pecking order. However, capital tends to undermine its own conditions of accumulation. The eventual overaccumulation of capital on a world scale leads to falling profits and an intensification of competition. As the international cake of surplus-value shrinks relative to the claims on it, economic competition gives way more and more to imperialist rivalries and political power. At the same time the growth of capital brings with it the development of an antagonistic proletariat. To the extent that such barriers to capital accumulation appear in the most advanced capitalist powers first then the hegemonic power declines. In such a situation capitalist competition becomes world war.

Total war serves as means to *forcibly* break down the barriers capital itself has created to its own further accumulation. War provides the means through which a New World Order can be established. At the same time it serves to destroy excess capital, accelerate technological innovations and exterminates the superfluous population. But above all war serves as a weapon against the development of an international proletarian movement.

This was the situation at the beginning of the 20th century. Britain as a hegemonic power had gone into decline and economic stagnation and growing class conflict had intensified imperialist rivalries leading to world war. Many of the communist and socialist theories of war and imperialism date from this time when the issue was quite clearly *'war or revolution'*. Yet the failure of the world revolution following the first world war meant that this issue was resolved in favour of war. The second world war finally broke through the barriers to capital and opened a new era of capitalist expansion within a New World Order. It is to this period that we must now turn.

Pax Americana

The Peculiarities of U.S. Hegemony

Apart from the hysterical denunciation of those opposing the bombing of Serbia as being supporters and appeasers of fascism, the main argument advanced by the former peaceniks of New Labour was that opposition to the war was based on a 'crude anti-Americanism'. Of course it could be said that this accusation was more to do with their own past crude anti-Americanism than anything else, but it also reflected the realities of power that these New Labourites now faced. Like the Attlee Government before it, New Labour now sees NATO not merely as a means to tie Germany down and keep Russia out, but also as a means to keep the US *in* Europe. The danger for Britain is once more the danger of American isolationism[6].

The USA has always been a rather reluctant hegemonic power. Being isolated from Europe by 3000 miles of ocean and having grown up outside and against the absolutist states of Europe, the American bourgeoisie, after the war of independence, never had to unite behind an immediate foreign threat, nor did it have to bother about European power rivalries. As a continent wide nation state, the USA was able to industrialise behind tariff barriers which, while keeping competitors out, provided enough space to allow ample room for capital expansion at the time. As a result large sections of the American bourgeoisie have always tended to be inward looking and isolationists in terms of foreign policy.

To the extent that the USA had never faced an immediate external threat from a foreign power, nor a cohesive internal threat from its own working class, it had

by the superior military prowess or tactics of the Viet Cong, but by the insubordination of the American conscripts and social unrest at home. The fear of war inciting insubordination and class struggle that followed Vietnam is one that still haunts the American bourgeoisie and has proved a powerful argument in the hands of America's isolationists. Ultimately the overwhelming economic and military power of the US depends on the compliance of its working class.

6 As British capital becomes increasingly dependent on the appropriation of surplus-value produced elsewhere in the world, through its position as one of the principal centres of global finance capital, it has become increasingly dependent on the global system guaranteed by the intervention of USA as the hegemonic power. The danger of America retreating from both Europe and the world stage and the break up of the global economic system into distinct regional blocs threatens all the major powers of Western Europe but it would be particularly serious for the UK.

retained a rather ideal pluralistic bourgeois constitution that allowed all sections of the American bourgeoisie to express their particular interests. As a result it was not so easy when the US was called on to play a world role to override the many particular and narrowly focused interests, which advocated lower taxes and isolationism, in order to pursue the general interest of American capital with an active, but expensive, foreign policy.

As with the first world war, the second world war rather belatedly mobilised the American bourgeoisie behind an active foreign policy. In the immediate post-war period the US attempted to construct a New World Order with which the USA was to be the dominant world power. The US had no need for direct rule or an empire. With the devastation of Europe, the USA came out of the war as the foremost military and economic power. In most industries US capital was the most advanced in the world and could easily out compete all potential competitors. The US wanted a world open to American capital and as such sought to dismantle all the European Empires that had grown up at the end of the last century. In their place the US sought to construct a series of international organisations at the economic and political level which would provide the forms through which the powers of the world would be represented and united behind the leadership the USA. Thus with such organisations as the UN, the IMF and the World Bank the US state sought to unite the world bourgeoisie behind it under the banner of free trade and democracy.

Unlike the inter-war years, the US was not to abandon its active foreign policy and return to isolationism. The threat of 'Communism', that took hold with the cold war, served to mobilise both the American and the European bourgeoisie behind an active US foreign policy. In order to protect US capital at home and abroad the US state had to contain 'Communism', and in Europe this took the form of NATO that bound the western European powers together behind the military leadership of the USA[7].

However, at the same time, the onset of the Cold War, and the Chinese Revolution of 1949, prevented the full development of *Pax Americana*. The existence of nuclear weapons inhibited an outright confrontation between the two superpowers - the US and the USSR. Instead the world became divided into two blocs maintained through a balance of terror based on the doctrine of Mutually Assured Destruction. The slogan of the right of national determination, which had been advanced by the US against the old European Empires, now became turned against the US itself as numerous third world national liberation movements sought to take power and break from the dictates of the international law of value by adopting state capitalist forms of economic development in alliance with the USSR. As a result numerous 'proxy wars' were fought in the 'third world' as each superpower sought to extend or protect its 'sphere of influence'[8].

Yet the full realisation of *Pax Americana* was not merely prevented by the fact that a third of the world's population lived under state capitalism and thus outside the economic dominance of American led Western capital. In order to prevent the 'spread of Communism' the US had to tolerate restrictions on the free movement and operation of capital within the Western Bloc itself. Hence the US had to tolerate not only the social democratic concessions made to the European working class, but also the state led models of economic development in Asia, firstly with Japan and later with the so called Asian tigers such as South Korea, Taiwan, Indonesia etc.

The new Pax Americana

The rapid break up of the Eastern Bloc that followed the fall of the Berlin Wall, and the subsequent disintegration of the USSR, transformed the world situation. After forty years of stalemate the USA emerged as the sole superpower that could now extend its economic and military hegemony over the entire planet. As such the end of the Cold War heralded a new era which held out the promise of new opportunities, as well as new dangers, for the realisation of a renewed *Pax Americana*.

As we have argued repeatedly elsewhere, the working class offensive of the 1960s and 1970s had produced a serious crisis in western capitalism and had prompted a major restructuring of capital. Central to the restructuring had been the development of global finance capital, which by facilitating a greater mobility of capital both between countries and industries, had allowed capital to outflank the well-entrenched working classes of the advanced industrial economies. Now, with the collapse of the Eastern Bloc, whole areas of the world were opened up to Western capital. At the same time the collapse of the USSR discredited all forms of state led development. Under the banner of neo-liberalism, global finance capital could now triumphantly roll back the frontiers of state interference without the fear of opening the door to 'Communism'.

Yet the collapse of the Eastern Bloc also contained serious dangers. The chief danger being that, in the absence of a common threat of 'Communism', the US would retreat once more into isolationism allowing a revival in old imperialist rivalries amongst the European powers or the break up of the world into protectionist regional blocs. Indeed, at the time of the fall of the Berlin Wall the full fruits of Reaganomics in reviving the profitability of American capital had yet to become apparent. The attempt to facilitate the transfer of capital from the highly unionised sectors of the North East of the USA to the new industries of South and West, through huge levels of military spending financed by borrowing on the international money markets, had only served to transform the USA from being the world's largest creditor nation into the world's most indebted nation. Far from arresting the relative decline of the USA as an economic power, the huge growth of military spending under Reagan seemed to have accelerated the demise of American hegemony. In the face of the apparently remorseless economic growth of Japan and its exports, increasing sections of the American bourgeoisie were calling for protectionism and the abandonment of the burdens of 'world leadership'.

The Gulf War and the New World Order

Saddam Hussein had long been supported by the US both as a bulwark against the Islamic fundamentalism of Iran and as the only strong man that could contain the militant Iraqi

[7] France was something of an exception to this. Refusing to subordinate itself to the military command of the USA it was nominally independent of NATO throughout much of the Cold War.

[8] While there were no wars in Europe for more than forty years following the second world war more than a hundred wars were fought in the 'third world'.

proletariat. Yet Saddam Hussein could only maintain power through the militarisation of Iraqi society. A policy that led to ten years of war against Iran and ultimately to the invasion of Kuwait.

The defence of the oil fields of Kuwait provided George Bush with the opportunity to mobilise both the American bourgeoisie and the West as a whole around a renewed *Pax Americana*. Under the auspices of the United Nations, Bush was not only able to draw together a multinational military operation on an unprecedented scale but was also able to make Japan and Germany pay for it. In doing so Bush laid the basis for his 'New World Order'. An order uniting all the major imperialist powers under the leadership of the US that would aim to make the world safe for capital. An order in which any nation unable or unwilling to subordinate itself to the dictates of the international law of value could be isolated and crushed. And above all an order in which the costs of policing the world would be shared by all the major imperialist powers.

By insisting that the burdens and responsibilities of sustaining the New World Order should be shared by all the major powers under the auspices of the various international organisations Bush had sought to placate the isolationist voices within the American bourgeoisie. But what has served to sustain the New World Order more than anything else since the Gulf War has been the economic recovery in the USA. Since the Gulf War the USA has undergone an economic boom the length of which has not been seen since that which ended in the Wall Street crash and the world depression of 1929. While Japan has been mired in a prolonged period of economic stagnation, and European economic growth has slowed, the USA has seen eight years of sustained economic growth. As a result the US has been able to reassert its economic hegemony.

The bourgeoisie of the Western powers, particularly those of western Europe, now look to America. They all hope to emulate America's success by adopting neo-liberal and neo-reformist policies to promote 'labour flexibility', 'free markets' and capital mobility seeing in them the means to overcome their problems of an entrenched working class. Thus the bourgeoisie of the West can speak a common language in following the lead of the USA.

Europe and the New World Order

As we have already noted, the development of global finance capital had served to outflank the entrenched working classes of the advanced capitalist nations. In America finance capital, supported by the 'military Keynesianism' of Reaganomics, had facilitated the relocation of industrial capital from the car plants of the North and East to the new electronic and information based industries of the South and West of the USA and Mexico. In Japan industrial capital was able to shift to the newly industrialising countries of the Pacific rim. In contrast Europe had lacked any such immediate hinterland within which to relocate industrial capital. The collapse of the Eastern Bloc seemed to offer the bourgeoisie of Western Europe a chance to remedy this disadvantage.

First of all, many of the countries of Eastern Europe possessed both a relatively advanced economic infrastructure and an urbanised and educated proletariat. While the workforce of Eastern Europe was not known for its efficiency it had been trained to turn up for work on time and had the transport to do so. However, even if it proved unprofitable to produce in Eastern Europe it could provide a pool of cheap immigrant labour. Secondly, Eastern Europe possessed a large peasantry, which with a little investment could perhaps provide Western Europe with an ample supply of cheap food. Such a supply of cheap food from the East would then provide the means with which to accelerate both the displacement and proletarianisation of the peasant/small farmers of Western Europe. This might then increase the supply of labour as well as reducing the costs of the Common Agricultural Policy.

A unified Germany appeared to be well placed to exploit the great potential opened up by the fall of the Berlin Wall. Indeed, many feared that after being occupied and divided for the forty years of the cold war Germany would re-emerge as the unchallengable economic power of the new Europe. In response, the other powers of western Europe sought to tie the newly unified Germany into the structures of the European Union. As a result of this danger of a resurgent Germany, and in the face of the growing competition from Japan and East Asia, the process of European integration was accelerated. The introduction of the single market in 1992 was rapidly succeeded by plans for European monetary union and the expansion of the European Union to the East.

In the long term, the process of European integration would seem to inevitably lead to a United States of Europe which would be an economic power that could seriously rival that of the USA. However, despite the future prospect of a United States of Europe, US foreign policy has been to support this process of European integration, but on two crucial conditions. Firstly, European integration has to be committed to free market principles and be open to the competition of US capital. Secondly, the European Union has to remain committed to NATO and hence the military leadership of the USA. Given the Europeans' compliance to these two conditions, the US has attempted to constitute the European Union as a central pillar in the New World Order. To the extent that the European Union allows the Western European powers to speak and act with one voice it facilitates the mobilisation of the major imperialist powers behind US leadership, and at the same time provides a reliable means through which the US can delegate its responsibilities to sustain the world order within the European region.[9]

The extent and limits to which the European Union has acted in partnership with US is perhaps most clearly illustrated with the reconstruction of Eastern Europe.

The Break up of the Eastern Bloc

Eastern Europe

The fall of the Berlin Wall raised the crucial question of the break up of the Eastern Bloc and its reintegration into the world economic system. The predatory logic of the 'free market' pointed towards the integration as industrial nations of a limited number of the more profitable regions and industries while the bulk of Eastern Europe would be destined to be deindustrialised and dumped into the 'third world'.

[9] For a clear statement of this strategy see Madelaine Albright, US Secretary of State, in the *Financial Times*, 7th December 1998: 'Our interest is clear: we want a Europe that can act. We want a Europe with modern, flexible military forces that are capable of putting out fires in Europe's backyard and working with us through the alliance [NATO] to defend our common interests.'

At first proposals emanating both within East and West Europe argued for a huge state led investment programme, on the scale of the post war Marshall Aid programme, which would allow the gradual transition of Eastern Europe to the 'German model' of social democratic capitalism. However, the western powers were both unwilling and unable to take up such an ambitious programme. Germany had enough on its plate integrating East Germany, while the rest of West European powers were reluctant to underwrite such an expensive endeavour. The US was anxious to impose a 'free market' led solution which was not only cheaper but ensured that Eastern Europe would be open to American capital.

As a result the Eastern European states had to scramble to ingratiate themselves with the more adventurous and predatory western capitalists. Harvard economists were dispatched to advise East European states on how to introduce widespread privatisation, close unprofitable factories, slash subsidies and phase out price controls. While a few members of the ruling classes of Eastern Europe were made fabulously rich, rising unemployment, cuts in subsidies on food and housing and soaring inflation had a disastrous effect on the majority of the East European working classes.

According to the quack remedies of the Harvard whiz kids, a short sharp shock of mass unemployment and declining living standards for the working class, and deregulation and incentives for prospective capitalists would be sufficient to release the entrepreneurial skills of the nation and transform the economy. While they accepted that this shock therapy would produce a few years of dislocation, most were confident that with five years the blood letting would have done the trick and the Eastern European economies would be embarking on a period of rapid economic growth.

After nearly ten years such prophecies remain unfulfilled. While the more well placed economies such as Poland, Hungary and the Czech Republic have recovered from the short sharp shock policies imposed by western capital, and with modest foreign investments have managed to resume low levels of economic growth, much of the rest of the former Eastern Bloc has made little progress.

Apart from offering loans through the IMF, the European Bank of Reconstruction and Development and the World Bank in return for pro-market reforms, the West has sought to encourage the transition in the former Eastern Bloc through the offer of membership of NATO and the European Union. While admittance to NATO is costly for it requires a commitment to a certain level of military expenditure and the purchase of NATO standard equipment, it is a badge showing that the country concerned is committed to western-style capitalism and is a stepping stone towards membership of the European Union which promises easy access to West European markets and economic aid. Of course, for the US, the extension of both NATO and the European Union to the former Eastern Bloc serves to tie these countries into the New World Order and commits them to the 'free market' and democracy.

Russia

If the 'short sharp shock' policies imposed by western capitalism on the former Eastern Bloc countries were disastrous for the working classes of these countries, they have been a near catastrophe for the Russian working class. If nothing else the dismemberment of the highly integrated economy of the USSR, whose development had been based on the specialisation and economies of scale of huge industrial plants, could only present major problems for its transition to a fully fledged free market capitalism. None of which have been solved by wholesale privatisation[10].

After 8 years of economic 'reforms' the Russian economy languishes at 50% of its former GNP. Of course apologists for the economic reforms imposed by western capital clutch at the fact that such figures exclude the flourishing black market. But such a black market only demonstrates the gradual disintegration of the Russian state and the emergence of a Mafia system based on extortion and crime rather than any emergence of a capitalist class willing to make productive investments[11].

The US had little objection to the dismemberment of the USSR. After all it provided easier access to the former Soviet Union's vast natural resources[12]. However, the American government was concerned that the disintegration of the USSR might go as far as Russia itself. So long as Russia retains its formidable nuclear arsenal its break up threatens to create an uncontrollable myriad of statelets and petty fiefdoms armed with nuclear weapons. However, while the US policy towards Russia is governed by the fear of it breaking up, it is also governed by the fear that a new 'hard-line' nationalist government may come to power and regroup the less well placed countries of the former USSR and the former Eastern Bloc into a renewed autarchic state capitalist Bloc. In its efforts to avoid these twin dangers the US has been led to support Boris Yeltsin as the only man who can hold together the warring factions of the Russian ruling class at the same time as keeping the Stalinist and nationalist threat at bay.

Amidst the neo-liberal triumphalism that followed the collapse of the Eastern Bloc and the break up of the USSR, US policy makers were confident that, with sufficient encouragement and western influence, Russia under the firm leadership of Yeltsin would be able to make the transition to the 'free market' and democracy and in doing so would be able to take it place, albeit in a subordinate role, in the New World Order. Of course, it was soon recognised that this period of transition may be prolonged and as a consequence lead to a growing backlash against the necessary economic reforms. But the US policy makers seemed to be confident that by supporting Yeltsin and his pro-western supporters, together

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10 This highly integrated nature of the Russian economy meant that the 'short sharp shock' policies have not been so short and sharp. Seeing that such policies would not only be disastrous for the Russian economy and their own interests within it sections of the Russian ruling class have been highly resistant to many aspects of reform.

11 During the entire period of 'economic reform' not one major plant or factory has been built anywhere in Russia!

12 The privatisation of the major oil and natural gas monopolies took the form of distributing shares to workers and Russian citizens, most of which were then sold back to management. Thus in effect privatisation transferred ownership to the former industrial bureaucracy rather than opening up these potentially profitable companies to western capital. An important aspect of IMF led reforms has been to pressure these monopolies with the aim of opening them up for foreign investment. The IMF insistence on cutting the huge budget deficit has been directed at breaking the power and influence of the oil and natural gas companies by forcing them to pay their huge tax arrears.

with the drip feeding of IMF led loans with tight conditions to prevent backsliding, Russia could be kept on course. It was simply a matter of holding out until the economic reforms had begun to take effect and the Russian economy entered the inevitable period of free market prosperity.

Yet while each tranche of IMF loans serves to prop up the Russian Government and keep the Russian economy ticking over, the economic reforms which are the price extracted for such loans have simply contributed to the slow disintegration of the state and its authority. Economic reforms have simply provided the means through which members of the Russian ruling class in alliance with Western capital have plundered the Russian economy. As taxes and wages remain unpaid for months, as the burden of debt with the west mounts and with the long promised economic miracle receding into distant future, both the state and the economy of Russia is slowly disintegrating. As US policy makers are coming to recognise, the current policy towards Russia is untenable. Sooner or later Yeltsin will be gone and the USA will have to confront one of the twin dangers of Russian disintegration or a neo-Stalinist-Nationalist Russia.

It is such a prospect that overshadows US policy in Europe and it is in this light that we should perhaps consider the war in Kosovo.

The Origins of the War in Kosovo

The war in Kosovo has been widely seen as the final act in the break up of Yugoslavia: a break up which is itself part and parcel of the collapse of the Eastern Bloc and its reintegration into global capitalism. The economic crisis of Yugoslavia and the resulting social tensions and class struggle that led up to the disintegration of the Yugoslavian state, and the subsequent wars in Croatia and Bosnia, have been well documented[13]. There is therefore little need to provide a detailed analysis here. However, it is perhaps necessary to sketch out the broad developments that led up to the recent Kosovan crisis before analysing the crisis itself.

The class struggle and the break up of Yugoslavia

Yugoslavia's break from Stalinism and its adoption of its own model of a 'decentralised' and 'self-managed socialism' meant that it developed as something of a half-way house in the division of Europe between the two capitalist blocs. As a consequence, Yugoslavia was far more open to the rhythms of capitalist accumulation of Western capitalism than any other of the 'socialist' economies of Eastern Europe. Hence, while Yugoslavia prospered during the post-war economic boom of the 1950s and 1960s, it was particularly hard hit by the economic crisis of the 1970s and the oil price shocks of 1973 and 1979.

Confronted by a militant working class response to the economic crisis, the Yugoslavian state had sought to take advantage of the flight of capital from the more advanced capitalist countries of the west in order to borrow its way out of trouble. However, like many other countries on the peripheries of western capitalism, Yugoslavia was caught out when western capitalism lurched back into recession in the late 1970s. With the recession in the west the foreign earnings needed to service the debts that had been built up diminished. At the same time the policies of the major western economies changed in dealing with the recession. Rather than spending their way out of recession, as they had done before, the governments of the US and western Europe adopted stringent monetary policies which led to a sharp rise in interest rates. Thus Yugoslavia faced being squeezed between having to pay out more in hard currencies to pay the interest on its loans and a fall in its foreign currency earnings.

At first the Yugoslavian state could respond by borrowing more to bridge the gap but this only led to a further escalation in its total debt burden. Faced with the western banks demanding their pound of flesh, the Yugoslavian ruling class had little option but to launch an attack on its working class. To this end inflation was allowed to take off and firms were allowed to go bankrupt producing increasing unemployment. However, the use of inflation to erode the living standards of the working class only served to unite and

[13] See 'Class Decomposition in the New World Order: Yugoslavia Unravelled' in *Aufheben* 2, 1993 and 'Yugoslavia: From wage cuts to war' in *Wildcat* 18, Summer 1996.

politicise the Yugoslavian working class around the demand for higher wages. During the 1980s wildcat strikes became endemic, while political protests against the bureaucracy took on an increasingly threatening form.

Although there were numerous instances of workers' solidarity actions across Yugoslavia and moves towards a Yugoslav wide general strike, most strikes and protests remained largely directed at the level of each constituent

republic. This allowed room for various factions of the ruling bureaucracy to mobilise around national and ethnic lines and exploit the real material conditions that increasingly divided Yugoslavia in order to divide the Yugoslavian working class.

The economic crisis had accelerated the economic polarisation between the relatively prosperous republics of Slovenia and Croatia and the rest of Yugoslavia. From the point of view of these wealthier republics the rest of Yugoslavia, with its demands for subsidies, was a drag on their economic development. For both the ruling and middle classes of Croatia and Slovenia the obvious solution to crisis was to jettison the rest of Yugoslavia through secession and become fully-fledged members of the Western Bloc. At the same time, with the severe conditions of economic austerity, the growing disparity of wealth between the northern republics and the rest of Yugoslavia could easily be turned into a cause of resentment in Serbia and the poorer republics. While the prospect of secession by Croatia and Slovenia was a direct threat to all those dependent on the continued position of Serbia as the political centre of Yugoslavia.

These social tensions that had been developing through the 1980s were finally brought to a head with the collapse of the Eastern Bloc. Riding the popular enthusiasm for reform generated by the overthrow of the old Stalinist regimes throughout Eastern Europe, the nationalist factions of the Yugoslavian ruling class were able to sweep away the last remnants of the Titoist old guard which had sought to retain the unity of Yugoslavia. For Slovenia and Croatia the way was now open for secession and integration into the West. For Serbia the question was how to limit the break up of Yugoslavia.

Seeing that the eventual secession of Slovenia and Croatia was inevitable Milosevic, as the new leader of Serbia, pursued a policy of uniting all the Serbs into a Greater Serbia which would encompass as much of the former Yugoslavia as possible. But this required reasserting a Serb identity, which had been submerged for nearly two generations, through a policy of repression of ethnic minorities such as the Albanians in Kosovo.

For Slovenia, as a small but most economically advanced republic of Yugoslavia, and the one with the closest ties to the West, the option of secession and integration into western capitalism was a relatively easy way out of the problems of Yugoslavia. The economic advantages of secession were apparent not merely to both the ruling and middle classes, which had most to gain from such a development, but also to the Slovenian working class, which could look forward to stable prices, lower taxes and to western wage levels. However, for the less developed Croatia the economic advantages were far less apparent. Of course, for those in the ruling and middle classes who could hope to act as economic and cultural intermediaries in Croatian integration into western capitalism, secession offered the prospect of making a fortune, as it had for the similarly placed throughout Eastern Europe. For the working class of Croatia, on the other hand, the economic prospects of secession were far less clear. The creation of an independent Croatia, against the interests of the Croatian working class, therefore, required the virulent nationalism provided by Tudjman and his reinvented neo-fascist and anti-Serbian Ustashe movement.

An independent Croatia and a greater Serbia could only be forged through war and ethnic cleansing. Tudjman and Milosevic were complicit in mutually reinforcing terror against the working class of Yugoslavia. The atrocities committed by one side only served to inflame the fears and hatreds of the other widening the divisions in the working class along national and ethnic lines[14]. Thus with Slovenia's

14 As *Wildcat* (op. cit.) pointed out, ethnic cleansing did not suddenly erupt between neighbours who lived side by side for years as a result of some long repressed collective subconscious as is often

and Croatia's secession war and ethnic cleansing became inevitable; firstly in Croatia as Serbia sought to rescue the Serbian regions there, and then in Bosnia as both Croatia and Serbia attempted to carve it up between them.

The policy of the Western powers towards the disintegration of Yugoslavia

The generally agreed policy of the western powers to the break up of the Eastern Bloc was, where possible, to maintain the existing international boundaries. However, in the case of Yugoslavia, neighbouring western powers - Italy, Austria and most importantly Germany - were all eager to see the secession of Slovenia and Croatia. In contrast Britain and France had little strategic or economic interests in Yugoslavia and as a result were little concerned with its fate. As a result Britain and France were quite prepared to concede the early recognition of Slovenian and Croatian independence in their bargaining over the terms of the Maastricht treaty: France in order to secure Germany's acceptance of European Monetary Union, Britain in order to extract an opt out from the social chapter of the agreement.

At first US policy had been to preserve the unity of Yugoslavia - if nothing else to avoid the complications that would arise in attributing Yugoslavia's debts to its various states that may replace it. However, the recognition by European governments of Croatia and Slovenia soon rendered such a policy untenable. Faced with the isolationist tendencies within the American bourgeoisie, the US government was reluctant to become involved in a war where the US had little economic interests. Instead the US policy was to delegate responsibility to the European Union to sort out the problems on its own doorstep.

However, the European Union lacked both the political will and the ability to produce a coherent policy towards the crisis in Yugoslavia. Of course the European Union could not ignore the war in Yugoslavia given its geographical position, but divisions between the main west European powers meant that the only policy that could be agreed was to contain the conflict to Yugoslavia, impose an arms embargo and mount various token peace keeping efforts to bring the conflict under control.

The dismal failure of the European Union to bring the wars in Yugoslavia to a conclusion eventually prompted the US to make its first major about turn in policy towards the break up of Yugoslavia and to become involved in the war in Bosnia. The US now aligned itself with the official Bosnian Government. Unable to convince the other major powers to lift the arms embargo so that it could openly arm the Bosnian Government, the US eventually entered the war itself on the side of the alliance between the Bosnian Government and the Croatian Bosnians against the advancing Bosnian Serbs. Providing air supremacy to the anti-Serbian ground forces the US was able to inflict a decisive defeat on the Bosnian Serbs forcing them to the negotiating table.

As a result the US was not only able to bring the fighting to a halt but to impose a peace settlement in the form of the Dayton Agreement. According to the Dayton Agreement Bosnia was to become a multi-ethnic confederal state. The three way division of Bosnia would be consolidated in the form of distinct republics with their own Parliaments but an overarching confederal structure was to be put in place that would prevent Bosnia being broken up and divided between Croatia and Serbia. The US would lead the policing of the agreement for a year while the European powers would be responsible for organising the economic reconstruction of the war-torn Bosnia.

Central to the Dayton Agreement was the tacit compliance of Milosevic. In return for calling his dogs of war to heel and persuading the Bosnian Serbs to accept the Dayton Agreement Milosevic gained US support for preventing the further break up of the rump of Yugoslavia, including the acceptance of Kosovo as an integral part of Serbia, and the relaxation of economic sanctions against Serbia. Having been cast as the villain of the Yugoslav conflict by the Western press, Milosevic became temporarily transformed into a responsible and reliable leader, a bulwark against further instability in the region particularly following the Albanian insurrection of 1996-7.

However, while the US had been able to impose a cessation of the Bosnian war, the vision of a multi-ethnic confederal state soon proved to be unworkable. The recalcitrance of all sides to allow the return of refugees and to hand over war criminals and the election of hard-line nationalists in the elections thwarted the US hopes of a quick end to the affair. Increasingly Milosevic, by encouraging the Bosnian Serb in their defiance of the various details of the Dayton Agreement, was seen as the main obstacle to progress towards 'peace' and the return of American troops. By the beginning of 1998 the US was beginning to 'lose patience' with Milosevic and began to advocate the reimposition of sanctions against Serbia.

Then, around September 1998, the US made its second and most important turn about in policy with regard to the former Yugoslavia. As we have seen, as part of the tacit agreement with Milosevic, and later in order to contain the Albanian insurrection, the US had backed Serbia's dominance of Kosovo. After all Kosovo had little economic or strategic importance and its secession could only threaten the stability of other states in the area with substantial Albanian populations. As a consequence, the US had provided no encouragement for the pro-western Rugova in his opposition to Serbia and repeatedly denounced the KLA as a band of criminals and bandits. The failure of Rugova to elicit western support for the cause of Kosovan autonomy led many Albanian Kosovans to turn to the KLA, which in the Spring of 1998 launched an offensive against the Serbian security forces in Kosovo. The ill-organised KLA were soon driven into the hills by the Serbian Army and Police. The atrocities committed by the Serbian forces against Albanian Kosovan villages suspected of supporting the KLA were tacitly accepted by the US as necessary in the fight against the 'terrorism' of the KLA.

In September this changed. The KLA now became transformed into 'freedom fighters' as the US threatened military action against Milosevic.[15] The KLA was reorganised and rearmed, no doubt with US backing, and the US

portrayed. Ethnic cleansing was deliberately created by state sponsored gangs. Once the enmities had been created through terror they then became self-sustaining.

[15] By December 1998, James Rubin, US State Department spokesman, could say of Milosevic that, "He is not simply part of the problem. He is the problem. We have no illusions about Milosevic and do not see him as a guarantor of stability." *Financial Times*, 7th December 1998.

intervened to broker a cease-fire in October. In February, with the KLA now recognised by the US as the representatives of the Albanians in Kosovo, the US sought to impose a 'peace deal' between the KLA and Milosevic.

As the details of the Rambouillet Agreement have emerged it has become clear that this 'peace deal' was little more than a pretext for war. Not only did the proposed agreement require that a referendum on independence should be held within three years, almost certainly leading to the secession of Kosovo from the rump of Yugoslavia, but that NATO forces were to have free access to Serbia itself and have immunity to Serbian law. In other words the US could occupy Serbia at will! There could be little doubt that however many 'last miles that NATO was prepared to go for peace', so long as the US insisted on such conditions, Serbia would have to reject the agreement. Having promoted the stories of atrocities perpetrated by the Serbian forces and warned of the potential for wholesale ethnic cleansing of the Albanian population of Kosovo, the US government was now able to mobilise the governments that make up NATO to go to war.

What is perhaps significant is that the offending conditions of the Rambouillet agreement were dropped in the final settlement that ended the war. Given that Milosevic could have accepted the Rambouillet agreement without such conditions before the war, and that there is no evidence that Milosevic was planning mass ethnic cleansing in Kosovo, it would seem that the ten weeks of bombing and the displacement of 100,000s of Kosovans was completely unnecessary. Why then did NATO go to war? Was it some irrational sentimentality induced in the leaders of the west?

To understand the underlining causes of the Kosovan conflict we must look at the two about turns in US policy towards the break up of Yugoslavia that we have identified in the broader context of Europe in the New World Order.

'Humanitarian Imperialism' and the New World Order

As we have seen there have been two sharp turns in US policy towards the break up of Yugoslavia. Firstly there was the decision to back the official Bosnian Government which finally led to armed intervention and the imposition of the Dayton Agreement. Secondly there was the about turn in the US policy towards the KLA in September 1998, which was to lead directly to the war over Kosovo. Both of these decisions can be seen to be concerned with the 'projection of US power into Europe', but this only raises the question of why should the US want to 'project its power' when there are no immediate economic interests to defend. It does not tell us why such sharp changes of policy occurred. To answer such questions we must place these sharp turns in US policy in the context of both the integration of the European Union and the break up of the Eastern Bloc that we outlined above[16].

The Bosnian about turn

As we have argued the US have supported the process of European integration on the condition that it created a Europe open to American capital and remains committed to US foreign policy through the structures of NATO. However, the failure to adequately respond to the conflicts in Yugoslavia had raised the question in the chancelleries of the European Union of developing structures through which it could formulate a common foreign policy. Yet a common foreign policy implied a common defence policy and ultimately an integrated European army. [17]

Fearing such a development policy makers in the US saw the need to show the indispensability of US diplomacy and military power in Europe. As a result the US diplomatically shifted its position to a more active role by backing the Bosnian Government - a distinct but not necessarily opposed position to that of Germany which was tacitly backing Croatia.

However, the US policy makers in the Clinton administration were held back by isolationist elements in the American bourgeoisie who were reluctant to allow an open ended commitment to a conflict where there were no immediate economic interests at stake. It was only when the European 'peacemaking efforts' had clearly failed that the US Government could make an armed intervention and impose a 'peace settlement' and only then on the basis of air power and a time limited commitment to police the settlement with ground troops.

Yet a further consideration may have entered into the calculations of the US foreign policy formulators and that was the state of Russia and its transition to fully fledged market capitalism. As we have seen, US policy towards Russia has been to encourage its rapid transformation into a western style capitalist nation so that it can play an important but subordinate role in the New World Order. Yet such a policy has faced serious difficulties. Firstly, while much of the Russian elite accepts the 'need for reform' - and is doing quite well out of it in the process - it has insisted on retaining the vestiges of its former superpower status, both in maintaining and using its veto on the UN Security Council, which could then be used as a valuable bargaining counter in its negotiations with the US and the IMF over economic reforms. A position backed up by its rather decrepit but nonetheless formidable nuclear arsenal. Secondly, the policy has depended on the continuance in power of the rather sickly and alcoholic Boris Yeltsin.

The failure of the miracle cures, hawked by the Harvard whiz kids, to bring quick results to Russia's economic woes had become apparent by 1995. With the coming Russian Presidential elections in 1996 it seemed that the popular backlash against 'economic reform' and austerity would bring the Red-Brown Alliance of the Communists and ultra-Nationalists to power derailing US plans for Russia. Hence there was a need for the US to make a display of force in

16 A useful analysis of the origins of the war in Kosovo in the break up of Yugoslavia is Peter Gowan's, 'The NATO Powers and the Balkan Tragedy' in *New Left Review* May/June 1999. Gowan also identifies the two about turns in US policy. However, his explanation of the sharp turn in US policy in September 1998 in terms of the personal ambitions of Madeline Albright is far from adequate.

17 Talks to this effect also took place in the closing months of 1998. In November there was an 'informal' EU Security meeting in Geneva and Anglo-French talks in December. Both meetings were to discuss developments towards a unified EU defence policy, especially in light of the Kosovo crisis. However, the idea of a coherent EU defence policy, championed most by Britain, falls into line with the US vision for the future of NATO and the EU. See *Financial Times*, 4th November 1998 and 3rd December 1998.

Eastern Europe. Yet such considerations were to play an even more important role in the second about turn in policy that was to occur over Kosovo.

Kosovan about turn

What was the cause of the abrupt about turn in US policy towards both Kosovo and Serbia in September 1998? Why did the US suddenly abandon its previous support for the *status quo* and risk undermining the stability in the Balkans? Of course, under pressure to 'bring the boys back home' and in the face of the intransigence of Bosnian Serbs it was no doubt true that US diplomats and envoys charged with the implementation of the Dayton Agreement had been losing patience with Milosevic. However, this was far from being a sufficient reason to take the considerable risk of launching a war against Serbia and putting the credibility of US foreign policy on the line. After all the Bosnian Serbs were not the only ones blocking the Dayton Agreement. The US could have easily extricated themselves from Bosnia by quietly accepting its *de-facto* division between Croatia and Serbia and shifting the policing responsibilities to its European Allies.

As for Kosovo, the fact that thousands of civilians had already been driven from their homes by the Serbian security forces in the war against the KLA was hardly a reason for the US to go to war against Serbia. Furthermore, the failure of the KLA to defeat the Serbian security forces meant that there was no pressing reason for the US to reconsider its relation with them. After all the defeat of the KLA meant that Milosevic was doing his job in containing the threat to the stability of the region of a resurgent Albanian nationalism.

The cause of the abrupt turn in US foreign policy in September 1998 therefore had little to do with the situation in the former Yugoslavia as such. To find the cause we must look at the impact of the financial crisis that had been unfolding during 1998 on US foreign policy both in regards to the relations between the US government and Russia and its own isolationist critics at home.

1998 was a critical year for US foreign policy. US policy efforts were being stretched in its efforts to contain the unfolding financial crisis in the Far East, which threatened to bring down the entire global financial system with catastrophic economic consequences. Against protests from isolationist Republicans and Democrats complaining about the waste of tax payer's money bailing out speculators, the Clinton administration was concerned with saving the US and western banks and shifting the burden of the crisis on to working class of the afflicted countries through the mechanism of the IMF. In order to turn the crisis to its own advantage, US foreign policy had to head off proposals to establish an Asian Monetary Fund that could rival American dominance exercised through the IMF. Only then could it use IMF loans as a means to open up Asian financial markets to western capital in its crusade against the newly discovered 'crony capitalism' of the former miracle economies of the Far East.

Yet despite all the efforts to contain the crisis in the Far East the lack of confidence of financial speculators began to spread to all 'emerging markets', the obvious weak point being Russia.

Following Yeltsin's re-election as President in 1996 there was renewed western confidence in Russia. As part of this a new wheeze was dreamt up by Yeltsin's western advisors to bridge the gap between government spending and declining tax revenues without recourse to printing money. This was to issue special short term and high interest Government bonds known as GKOs to finance the deficit[18]. These government bonds attracted both foreign investors and internal funds of various institutions and deepened the fledgling money markets. Yet it depended crucially on the Government maintaining the exchange rate of the rouble and investor confidence.

In 1998 the IMF loans were up for renewal leading to intense negotiations over the pace of economic reforms and deregulation. At the same time political developments were creating uncertainty. The miners, who had played an active role in supporting Yeltsin's rise to power, were camped on the Presidential lawn in protest at the chronic delay in the payment of wages, an indication that the previously acquiescent Russian working class may have been about to throw its weight into the political arena around the crucial issue of the non-payment of wages. Secondly, the governments of both the Ukraine and Belarus were beginning to make noises that they were disillusioned with the IMF and its programme for reform and were considering realignment with Russia.[19]

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18 Of course all developed capitalist states borrow money on the money markets to finance their budget deficits. But usually persistent budget deficits are financed through issuing long term government bonds that are redeemed after several years. In contrast short term treasury bills, which are redeemable in a matter of a few months, are usually issued to bridge the gap between day to day government spending and the receipt of tax revenues. However, few speculators were willing to hold long term bonds for fear that a future Russian Government might not redeem them. Hence short term GKOs, which were more akin to treasury bills, were presented as the answer to financing Russia budget deficits, as well as deepening the limited money markets. But financing a budget deficit by issuing treasury bills is like buying a house with a credit card.

19 In the Ukraine confidence in IMF loans had waned by the end of September with the collapse of the Rouble. With this disillusion with the West attention was being turned East with the Presidents of Ukraine and Russia meeting to 'discuss ways of re-invigorating the Russia-dominated Common-wealth of Independent States as a way out of the crisis.' However, while Ukraine insisted that it was not seeking to break its ties with the West it would obviously have to choose which economic model it was going to follow - 'East or West.' See *Financial Times*, 23rd September 1998. The situation in Belarus was of a more serious nature for US policy towards the former USSR: 'Workers under orders from the Belarusan government welded shut the gates to the US ambassador's residence yesterday in order to prevent him from entering. 'This concerns me greatly," Ambassador Daniel Speckhard said outside the gate with his wife and three children. "If the government wants to lock us out, we will have to leave the country." At a news conference earlier, Mr Speckhard said: "If diplomats in the Drozdy residences are expelled, this will be the first incident of its kind after the end of the cold war. We hope that (Belarus president) Alexander Lukashenko. . . will correct this situation in time." Mr Lukashenko, condemned by western governments for his authoritarian-style rule, has repeatedly lashed out at the west and accused it of seeking to isolate his country of 10m people.' See *Financial Times*, 9th June 1998. Of further concern to the West was 'Belarus's Independence Day parade... complete with tanks, rocket trucks, goose-stepping paratroopers, in-line skaters, athletes pretending to play ping-pong, and ranks of children holding up model aircraft. The event was a chance for Alexander Lukashenko, the country's stern, moustachioed president, to showcase his country's march back to Soviet-style communism...The parade and its stage-management were vintage Lukashenko. A former collective farm boss, he ran for president of his country in 1994 on a platform of restoration of Soviet virtues and

In August, after the IMF negotiations were completed, the confidence of foreign investors collapsed. Capital took flight and the repayment of the GKOs were suspended. The Rouble went into free fall on the foreign exchange markets bringing down the 'pro-reform' Prime Minister with it. Yeltsin then proposed Chernomyrdin as the new Prime Minister but he was rejected by the Russian Duma. For the first time Yeltsin was forced to back down in his first choice of Prime Minister and was obliged to appoint the 'hard-liner' Primakov. For most commentators at the time it seemed that Yeltsin's days as President were numbered.

The financial crisis that hit Russia in August 1998 brought to a head the contradictions of American foreign policy both in regard to Russia and Eastern Europe, and in regard to the isolationists in the USA itself. The resolution of such contradictions demanded that the US policy makers take decisive action. Action that was made all the more urgent given the need to restore confidence in the midst of the unfolding financial crisis that was threatening to engulf the entire global economic system.

With the economic and political crisis sweeping Russia, the twin dangers of anarchy or autarky that haunted US policy towards the Russia, but which had abated following Yeltsin's re-election in 1996, now re-emerged all the more starkly. Whatever reassurance Yeltsin and his pro-western ministers might make that Russia was committed to 'economic reform' and westernisation, there was now no certainty that either Yeltsin or his pro-western policies would survive long. In September 1998 it seemed that either Yeltsin would be shortly deposed or else become a prisoner of the Communist controlled Duma. Even if Yeltsin did cling to office, it seemed unlikely that he would last beyond the presidential elections scheduled for the year 2000.

Yet, while the crisis in Russia presented the danger of a Russian rebellion against its subordination to the dictates of western capital, it also presented an opportunity for the US to force the issue within the Russian ruling class: that is, was Russia for or against the West? While Yeltsin remained in power, and presided over a pro-western policy committed to 'economic reform', the financial and political crisis in Russia weakened its bargaining position in its negotiations with the US and the IMF. With Russia having to go cap in hand to borrow money necessary to feed its population over the winter the US could insist on a renewed commitment to 'economic reform'.

But this opportunity to wring further concessions from the Russian government could only last so long as the opposition to pro-western policies amongst the Russian ruling class was unable to mobilise around a viable alternative economic and foreign policy. If the US was to secure Russia's adherence to IMF led 'economic reforms', and its subordinate role within the New World Order, it had to act to pre-empt the emergence of any such alternative economic and foreign policies. To do this the US had to underline Russia's political and economic isolation in Eastern Europe.

War against Serbia, over the economically and strategically insignificant province of Kosovo, provided a perfect opportunity to isolate Russia. Serbia is Russia's last remaining overt ally in of the former Eastern Bloc. By attacking Serbia, the US could expose the weakness of both Russia itself, and the ultra-nationalist opposition within the Russian ruling class. With little or no economic interests in Kosovo the Yeltsin government would not be compelled to intervene to defend its ally. Instead Yeltsin's government could be counted on to try to act as an intermediary, using its influence over Serbia as a bargaining counter with the West. On the other hand the ultra-nationalist and Stalinist opposition, to which pan-Slavism is an important ideological motif, would be left impotently demanding solidarity with Russia's Slav brethren.

However, the US was determined not to allow Yeltsin to use Russia's position as Serbia ally as a means to lever concessions out of the IMF. By operating through NATO rather than the UN, the US was able to outflank Russia's veto on the Security Council. As a result Russia's role was reduced from being an essential intermediary to that of a mere messenger boy carrying Nato's ultimatums to Milosevic.

In addition the use of NATO not only served to mobilise the West European powers behind the war against Serbia it also served to force the issue of which side the new and prospective members of NATO were on. Countries such as Hungary, which had recently joined NATO, now had to show a practical commitment to US foreign policy in Europe. A policy that was implicitly in opposition to Russia. At the same time the bombing of Serbia served to assert a new role for NATO as an overtly offensive organisation that could through 'out of area operations' serve to impose *Pax Americana* throughout Europe and the Middle East.

The old assurances made to Gorbachev that NATO would not be extended beyond Germany, or the subsequent assurances made to Yeltsin that Nato's extension to the former borders were merely for the peaceful purposes of promoting democracy, could be buried. Russia could now be in no doubt that NATO could intervene militarily on its very doorstep if necessary.

Yet the war against Serbia not only underlined Russia's isolation and non-viability of any alternative to the IMF and economic reform, it also served as a show down against the isolationists at home. It showed that the US administration could mobilise a 'humanitarian war' to defend the general interests of *Pax Americana* even if there was no immediate economic or sufficient interest around which to mobilise the American bourgeoisie. As such it was a risky venture only justified by the critical conditions confronting the US administration in the Autumn of 1998. We can not tell as yet whether the US policy makers thought that Milosevic would cave in early or whether they were prepared to go all

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won a resounding victory. Last month, he improved his image among his supporters by taking over the residences of several western ambassadors, who promptly left the country in protest. Many western diplomats believe the crisis was in fact a tactic to bolster Mr Lukashenko's popularity in Belarus and in neighbouring Russia. Some say he has one eye on a bid for the Russian presidency in 2000. Since taking power, Mr Lukashenko has cracked down on dissent, changed the constitution to increase his powers, and begun re-nationalising the economy. His hope is that this "Belarusan model" appeals not just to Belarusans, but to Russians as well. Part of his programme for Belarus is the eventual re-unification of his country with Russia, and though real unity is a long way off, analysts are nearly unanimous in their view that Mr Lukashenko sees a role for himself in Russian politics. The problem - according to Valery Karbalevich, a political analyst at the Minsk-based National Centre for East West Strategic Initiatives - is that "Russia may well want to integrate with Belarus, but they don't want to integrate with Lukashenko". *Financial Times*, 4th July 1998.

the way to ground war. They were after all saved from the ultimate showdown of convincing Congress to commit US troops to a war by the mutiny of Serbia's reservists that finally brought Milosevic to the negotiating table.[20]

Conclusion

With the end of the Cold War the USA has managed to renew its position as the world's hegemonic power. Having overcome the crisis of the 1970s through the radical restructuring of its economy the US has once again become the centre of world accumulation dragging the rest of the world behind it. The potential re-emergence of inter-capitalist rivalries have been mitigated by continued capitalist expansion and submerged through the continuing dominance of the USA as the world's sole superpower.

Of course, the current performance of the US is not without its problems. Rising profits that have fuelled capital accumulation in recent years has been based primarily on eroding real wages rather than raising productivity whose growth remains at historically low levels[21]. Much investment has become speculative fuelling a stock market that is vastly overvalued in comparison with any prospects of increasing profitability of American capital. Whether the inevitable collapse of the US stock market can be contained or whether it will plunge the real economy into a slump or a period of prolonged stagnation is yet to be seen. But it could well be that the current period is the Indian summer *of Pax Americana.*

Nevertheless, to the extent that the present period is one of continued capitalist expansion under a stable and unchallenged hegemonic power then the war in Kosovo must be seen as war on the periphery - albeit a periphery uncomfortably close to capitalist heartland of Western Europe - rather than as some symptom of capitalism decomposition and irrationality as some would have it.

However, the Kosovan conflict does highlight certain peculiarities and contradictions of the new *Pax Americana.* There is always a problem of constituting a general interest out of the competition of particular capitals. Yet such problems have become exacerbated not only by the fall of the USSR as a common threat to western capital and the resurgence of the US bourgeoisie's particular propensities towards isolationism, but also with the growing importance of global finance capital.

The investment of industrial capital demands long term commitment to particular concrete conditions and circumstances that generate specific interests. When an oil company builds an oil refinery its capital is tied up for years in a particular place. For finance capital investment is less committed. It can always cut its losses and invest somewhere else by calling in its loans or selling its shares. Yet while each finance capital can cut and run it can only do so long as everyone else does not do the same. The conversion of particular uncertainties into abstract and tradable risk, which is central to finance capital, depends on the confidence in the system as whole. Thus for finance capital there is no particular interest as such just a general interest in the confidence of the system as a whole.

This creates both problems and opportunities for the implementation of foreign policy on the part of the hegemonic capitalist power. Finance can be used as an effective instrument of foreign policy that avoids the use of direct armed intervention, as the operations of the IMF clearly shows. At the same time, to the extent that USA is the home to much of global finance, the foreign policy of the USA must guarantee the operation of the global financial system. But because monied capital has little particular long term interests (because it can also cut its losses and run) it becomes difficult for the US foreign policy makers to mobilise such capital behind a concerted foreign policy.

The outcome of the particular isolationism of the American bourgeoisie and the emergence of global finance is firstly the rather ludicrous situation where the US has to fight wars without suffering any casualties. Secondly, because it can not necessarily mobilise around specific economic interests it has to mobilise for war around abstract principles such as 'human rights' and wage 'humanitarian wars'. Yet the limits of such ideological covers of war are all too obvious. In 'humanitarian' terms armed intervention usually makes things worse. A point taken up by American isolationists to argue that the USA should let conflicts in the world burn themselves out.[22]

Of course, the Kosovan war ended with much triumphalism for the advocates of humanitarian war, although the subsequent events of reverse ethnic cleansing has undermined many of their claims. But the true shallowness of these pro-war liberals is exposed in the recent events in East Timor. It is perhaps no coincidence that the new President of Indonesia announced that there would be a referendum on East Timor's independence last January in the middle of the ideological mobilisation for the war in Kosovo. No doubt this was an important concession wrung from the new Indonesian government desperate for IMF loans in order to placate the conscience of the former anti-war Greens and leftists in the various West European Governments. Now the East Timorese are paying with their lives for such humanitarian concern.

[20] See '"We won't go to Kosovo": The movement of draft refusal and desertion in Krusevac, Aleksandrovac, Prokuplje…May 1999- a chronology of events' in *No War but the Class War! Discussion Bulletin 3* (Escape, c/o PO Box 2474, London N8 0HW).

[21] For most years of the 1990s economic growth in the USA has been based on employing more workers and making them work longer hours rather than investing in plant and machinery to make them more productive. This is indicated by the fact that during this period the annual growth in the average hourly output of American workers rarely exceeded 1%. However, since 1996 there are indications that both real investment and growth in productivity have picked up as limits to extending the working day and enlarging the workforce have been reached. However, this surge in productivity seems unlikely to be sufficient to support the high expectations for profit growth implied by the current levels of the stock market.

[22] In his election campaign George Bush jnr., front running Republican Presidential hopeful, has made it quite clear that the main problem for American foreign policy is the recalcitrance to the free movement of western capital on the part of Russia and China. Attempting to rally the Republican Party around an active interventionist foreign policy, he has sought to articulate the growing criticisms of the Clinton administration's policy of 'humanitarian wars'. See *The Guardian*, 24th September 1999.

The retreat of social democracy...

Re-imposition of work in Britain and the 'social Europe'

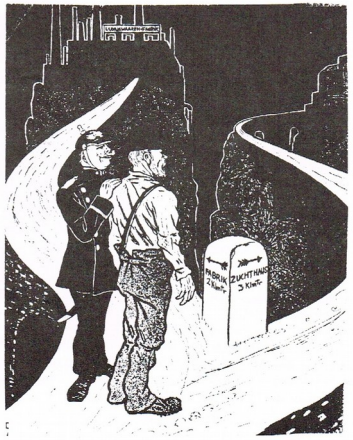
In a series of articles, we have argued that social democracy is in retreat.[1] As this retreat has unfolded over time - with neo-liberal policies themselves now apparently out of favour - a further analysis is required. Such an analysis is neither an academic enquiry, nor does it entail any nostalgia for 'good old-fashioned social democracy' as opposed to the 'false Labourism' of 'Tory' Blair. It should be clear from our conception of social democracy that we are neither lamenting its passing or calling for its defence. While we must acknowledge the real material gains for the working class embodied in the post-war social democratic settlement (rising real wages, decent council housing, free health care etc.), this has had a price. As we have stated previously, for us social democracy is essentially the representation of the working class as labour within capital and the bourgeois state - politically through social democratic parties, and economically through trades unions. As such, social democracy necessarily entails the division of the working class into 'national working classes' and the demobilization of the working class as a subject.

The retreat has been taking place for some years. Yet in the past year or so, parties of the left of centre - 'social democrats' and 'socialists' - have made something of a comeback in Europe, and now govern most of the major European states. Is social democracy back from the grave, perhaps?

Our argument is that it is not. Despite their differences, Europe's 'new reformism' shares with New Labour's 'Third Way' the central aim and similar methods of re-imposing work. For most us this means working harder and longer.

The necessity and crisis of imposing work

From a revolutionary perspective, a principal line of enquiry in our effort to understand the nature of the current forms of political mediation - the 'Third Way' in Britain, the 'new reformism' in Continental Europe - is to examine how they relate to the dynamics of class struggle. In order to do this, we must address the centrality of work to capital and briefly review what happened following the failure of social democracy to discipline the working class to accept work, focusing for the moment just on the UK.



'Factory or prison?'

All bourgeois political forms are about the imposition of work. Capital takes the appearance of generalized commodity production. But the essence of capital - what it *is* - is self-expanding value. And value is nothing without the labour - the *work* - that produces these commodities. For capital to exist, the imperative of valorization must prevail; capital must subordinate our creative activity in the form of wage-labour - *alienated* labour - in order to produce value. Capital is therefore a vampire on human subjectivity. It needs working human subjects to produce and reproduce itself; and it exists as a subject only by virtue of our reification - the

[1] 'Kill or chill? Analysis of the opposition to the Criminal Justice Bill' (*Aufheben* 4, Summer 1995) suggested that traditional forms of mediation of proletarian needs are in crisis, as expressed in the failure of the official labour movement to represent recent struggles (poll tax, CJB). The Editorial in *Aufheben* 6 (Autumn 1997) raised the question of what the retreat, or possible resurgence, of social democracy might mean for revolutionaries. 'Social democracy: No future?' (*Aufheben* 7, Autumn 1998) developed this question by conceptualizing and situating social democracy historically. The possibility that the high point of neo-liberal triumphalism has passed was illustrated in our review of recent American workplace struggles ('State of the unions: Recent US labour struggles in perspective', *Aufheben* 7, Autumn 1998). In our analysis of the recent trend towards workfare-like schemes, and the relative weakness of unemployed struggles, we argued that, while the post-war triumph of social democracy served to create a split between mundane needs and utopian desires within the proletariat, the decline of social democracy has yet to see the end of this fragmentation of our struggles ('Dole autonomy versus the re-imposition of work: Analysis of the current tendency to workfare in the UK'; see back page for details). Our recent article, 'Unemployed recalcitrance and welfare restructuring in the UK today', summarizes and develops the arguments of 'Dole autonomy', arguing that what has happened in Britain has relevance for Europe, where the 'new reformism' has been taken by some as an opportunity to attempt to mobilize the working class around a set of radical-reformist demands. This last article is available in a forthcoming publication provisionally sub-titled *Illusions of the Welfare State and Working Time Reduction*.

objectification of our subjectivity within the needs of capital. Capital as value - as accumulated alienated labour - is not animate, has no power, is nothing without its potential antagonist, *not*-value.[2]

If work is of the essence of capital, one of capital's central tasks, both historically and from day to day, is the imposition of work and thus work-discipline.[3] Since capital's needs are alien, by their nature human subjects have innumerable needs and desires incompatible with those of capital. To impose work and hence order on human subjectivity, whose inherent tendency is to escape such order, capital must confront these human needs.

Before the working class was mature, this was done simply in terms of brute force, by throwing the 'proud English yeoman' off his land and hence obliging him to work in the mill or starve. Later, capital was obliged to accede to the needs of particular powerful groups of workers *as* workers, who, through their possession of valuable skills, were able to win relatively high wages and exercise control within the production process. At the same time, with both bourgeoisie and working class *as such* becoming organized, *political* forms of mediation became necessary at the level of the state. Philanthropic liberalism was the political form within which working class needs were first acknowledged by the bourgeois state. It served to guarantee the conditions whereby individual capitals could continue to pump surplus-value out of the workers without the latter either being killed by the conditions of work or destroying those conditions.

In Britain, with the triumph of social democracy following the second world war, the needs not just of particular powerful skilled groups of workers but of the working class *as such* became recognized and included in the bourgeois state. Mediated by the trade unions and social democratic parties, working class pressure for change led to such gains as free health care, a universal welfare system and social housing. Prior to this post-war social democratic settlement, work was imposed on the majority of workers through the stick of mass unemployment, which, coupled with the most meagre welfare provision, often forced workers to compete for the available jobs at almost any price. By contrast, social democracy imposed work through the Keynesian carrot of 'full employment' and virtually guaranteed rising real wages, in return for the working class conceding control over the labour process. These higher wages provided the demand for the ever increasing production of consumer commodities - cars, washing machines, televisions etc. - by the new Fordist[4] industry.

The post-war settlement provided the relative social peace which served as the basis for the post-war economic boom. But, in the late 1960s and early 1970s, a massive upsurge in class struggle and the onset of the crisis of capital accumulation across Europe and the USA meant that the conditions of the post-war settlement became an increasing burden on the capitalist class and strengthened the hand of the working class. Within work, struggles took new directions, most notably in the form of the 'refusal of work'.[5] In the UK, the restrictive practices and continued demands for higher wages of 'bloody-minded' workers threatened the stability of capital accumulation. This threat became acute when a political strike by the miners toppled the Heath government of 1974.

Altogether, this wave of struggles and the ongoing resistance that followed it undermined the terms of the Keynesian social democratic settlement. The settlement had ultimately failed to discipline the working class. Capital therefore responded by taking flight from centres of working class strength, and a new era of globally autonomous finance capital emerged. In Britain, the Thatcher Government abandoned the social democratic consensus around corporatism, welfare and full employment. Letting unemployment rip was one of the central planks of the Government's attempt to re-affirm capital's right to manage. This eliminated some of the most militant sections of the working class. Indeed, once the miners had been defeated, most others lost faith in collective struggle. Social democracy went into a decline, as reflected in the ideological crisis of the left, and the inability of the Labour Party and trades unions to represent and mobilize the working class in the way that they had done in the past.

However, the creation of a reserve army of labour failed to have quite the effect that the government hoped for. In effect a dual labour-market emerged. The problem for British capital was that too many people simply got accustomed to long-term unemployment. Those outside work were perceived by the bosses as being unemployable - lacking not just 'skills' but basic work-discipline. Work-refusal - or, more broadly, 'recalcitrance' - had become displaced from the workplace to the reserve army of labour. This recalcitrance of the unemployed had the effect that, in many sectors, existing workers were simply poached across enterprises and were still able to command relatively high wages. Indeed, wage levels remained relatively high throughout the Thatcher years.[6] Large sectors of British capital therefore remained uncompetitive.

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[2] '*Separation of property from labour* appears as the necessary law of this exchange between capital and labour. Labour posited as *not-capital* as such is ... (2) *Not-objectified labour, not-value*, conceived positively, or as a negativity in relation to itself, is the not-*objectified*, hence non-objective, i.e. subjective existence of labour itself. Labour not as an object, but as an activity; not as itself *value*, but as the *living source* of value.' Marx, *Grundrisse* (Penguin edition, pp. 295-6).

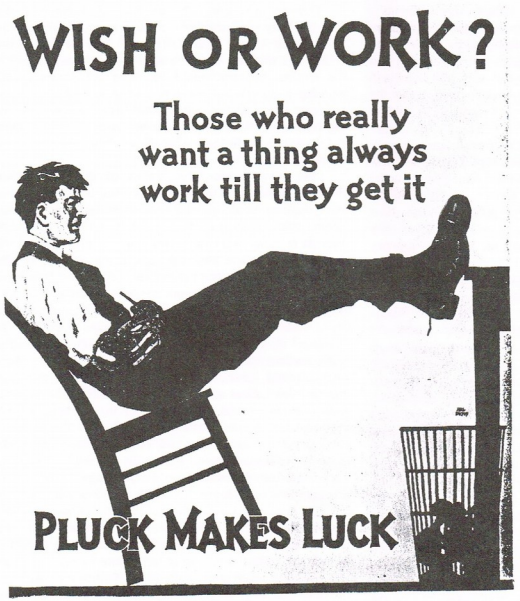
[3] We do not share the late autonomist view that capital has transcended value, that the class struggle is now about power, and therefore that work-discipline is about discipline for its own sake. Capital is a subject only by virtue of the 'law of value'. See 'Escape from the Law of Value?' in *Aufheben 5* (Autumn 1996).

[4] Our use of the term 'Fordism' does not mean that we accept notions of 'post-Fordism' nor the overall technological determinism of the Regulation School. For us the class struggle is determinant. The concept of Fordism is a useful descriptive term which helps us to understand a particular period of class relations which the struggle produced and within which it then developed.

[5] See Toni Negri, 'Capitalist domination and working class sabotage' in *Working Class Autonomy and the Crisis. Italian Marxist Texts of the Theory and Practice of a Class Movement: 1964-79,* (1979, Red Notes/CSE Books). See also the discussion of the Zerzan-Reeve argument in *The Refusal of Work* (1979, Echanges et Mouvement).

[6] High levels of overtime also contributed much to these relatively high wages. People worked harder for less, and with cut-backs in social spending and the elimination of various scams the general development has been to impose the need for money all the more acutely.

With the exhaustion of the Thatcherite project, 'New Labour' has seen its task as that of re-integrating the working class as a whole back into the discipline of the market and thus re-invigorating the conditions for capital accumulation in the UK. We now examine how 'New Labour' has been setting about this task.



The 'Third Way' and the ideology of work

New Labour's 'Third Way' defines itself as an attempt to forge a new 'consensus' beyond and yet combining elements of both social democracy and neo-liberal ideology. Many of the policies that go to make up this Third Way are modelled on those New Labour sees as responsible for the recent American 'success story': the American recovery from the recession at the end of the 1980s and its subsequent surge in growth. Before examining New Labour's version of the Third Way, we therefore briefly describe the American situation.

One of the indicators of the success of the US economy is the massive drop in unemployment.[7] Although the American 'jobs miracle'[8] has seen the creation of many new management posts, the category of manager has been increasingly extended to cover low-level jobs, and many more of the new jobs are simply poorly-paid service jobs.

American workers have also become more productive. This rise in productivity has taken place through extending working hours, shortening holidays, and increasing work-load rather than through greater capital investment in labour-saving technology. At the same time, US workers have suffered a massive drop in living standards.[9] Thus work itself has been intensified, yet with none of the across-the-board rises in wages that served to sugar the pill in the 1950s and 60s.

The welfare rolls have come down not simply through the creation of new jobs but also because of the 'Welfare-to-Work' Zeitgeist. Cuts in eligibility (time limited benefits,[10] sanctions for not looking hard enough for work etc.) and workfare together mean that shit service jobs are now what people regularly have to do instead of get the dole. The State of Wisconsin recently boasted that it has no more welfare recipients, and the State of New York currently has more than 40,000 people enrolled in its workfare programme. The explosion of workfare and 'Welfare-to-Work' schemes began with legislation passed under the Reagan administration. But, significantly, it was only under Clinton that such programmes have more or less replaced 'welfare as we know it'. It is likely that, as a committed 'neo-liberal' who preferred cutting to spending money on welfare, Reagan would not have

[7] America's official unemployment rate is only half the 11% of the European OECD nations. However, the official figure of around 4.5% (August 1999) doesn't include the huge section of the US population currently in prison.

[8] Eighteen million new jobs have been created since 1993, with, it is claimed, little evidence of price pressures or the economy overheating.

[9] Since 1973, the US working class has suffered a 20% fall in living standards and a 10-20% increase in the working week. See Loren Goldner, 1998, *International liquidity crisis and class struggle: First approximation* <www.geocities.com/CapitolHill/Lobby/2379/liquid.htm>. Between 1989 and 1993, median family incomes fell by $2,737 p.a. (*Guardian*, 20th February, 1995)

[10] There are now 7.3 million people in the USA collecting welfare payments. This compares with 12.2 million when President Clinton signed the legislation authorizing time-limited benefits and 14.1 million when he took office in 1993. (*The Times*, August 4, 1999).

sanctioned such an ambitious project. Although the welfare rolls have been cut, this has not actually been matched by a fall in spending. Workfare and the other programmes cost money rather than save it (at least in the short term). These programmes, with their anti-'dependency' ideology, are actually strategic interventions designed to inject competitiveness and drive into the labour-market. Pushing previous 'unemployables' into the labour-market - workfare schemes specialize in 'including' (Black) single parents - means more desperate labour-fodder for employers who are thus able to pick and chose. Workfare programmes serve to drive down wages not simply through job substitution and subsidies for low-paying employers; their principal effect is to 'encourage' people at the 'job counselling' stage to take the existing jobs at the bottom end of the jobs market - in order to escape workfare itself.[11]

Just as a clear continuity can be traced from Reagan's Republican administration to Clinton's New Democrats, New Labour accepts as given much that has been achieved under the Conservative government (e.g., anti-strike legislation, Job Seeker's Allowance, privatization of public utilities). New Labour even seeks to maintain the Conservatives' key economic principle of economic prudence: hence the primacy of inflation targets, the handing over of interest rate decisions to the Bank of England, and a privatization programme which they argue is not. (The term 'public-private partnership' that the government uses to refer to a programme, the Private Finance Initiative (PFI), that already existed under the Conservatives[12] is an example of NewLabour-speak at its most patronizing. The attraction of PFI for an 'economically prudent' government is that someone else other than the treasury makes the investments. In the case of the London Underground, for example, the private sector is supposed to provide the capital investment and makes profits from running the system, while the network still remains owned by the Government. Workplace resistance to the continued incursion of the private sector makes clear what such 'prudence' means in class-struggle terms: both New Labour and the Conservatives are agreed that private companies can be more 'efficient' - that is, they serve a vital role in 'market-testing out' some of the more entrenched public sector workers. We discuss other examples of this further below.)

Yet, despite the New Labour Government taking for granted much of the 'free market' groundwork laid by the Conservatives, a number of its key policies are relatively expensive interventions that would never have been passed under the previous administration. Spending (or, rather, re-allocating money) within the Third Way reflects an attempt to reconcile an efficient well-functioning economy with social cohesion. While the Thatcherite Conservatives were happy to let the market rip in order to break up bases of working class power, enhancing state interventions mostly only at the level of criminal justice (public order legislation, more cops, more prisons), New Labour's policies are more interventionist in relation to employment and ideological issues. Whereas under the Conservatives mass unemployment was regarded as necessary, under New Labour it will not be tolerated; hence 'full employment' is back on the agenda, albeit by a rather different definition: everyone readily available and active in the labour-market at some point in time.

As we have seen, the *de facto* dual labour-market inherited from the Conservatives had to be broken down if the restructuring begun under Thatcher could be completed. Unless this vital task could be achieved, too many sectors of the British economy would be hampered by entrenched working practices and the threat of wage inflation would never be far away; hence the whole British economy would lag behind its rivals as a centre of accumulation. In short, Britain could not become what Blair refers to as a 'modern economy'.

For New Labour, the project of re-integrating the different elements of British society back into the world of work requires the development of a new 'consensus' around certain values such that those currently not fully 'included' become more motivated to become so. The principal value is that of work. While New Labour's famous slogan, at least during the election, was the moronic 'education, education, education', its ideology is more precisely 'work, work, work'. Yet this is different in important ways than the promotion of 'hard work' by Thatcher in the overtime boom of the 80s. The ideology of the 80s was concerned solely with selfish individualism and personal ambition. While these spontaneously generated ideologies of capitalism obviously remain, New Labour adds a work ethic which is universalizing and oriented around such concepts as 'community' and 'society'. New Labour wants work for all.

But this is not an easy task, even were every boss to be begging for more workers. Before the potential workers can be successfully delivered from the Jobcentre to the labour-market, their recalcitrance (what New Labour calls 'passive benefits dependency'), whether intentional or otherwise, must be overcome. New Labour is interventionist not in the way social democracy used to claim to interfere in the market in order to distribute risks and benefits more evenly, but in the 'paternalistic' sense of interfering with people's everyday lives in order 'to help them to help themselves' (to be better workers and citizens).[13] Rather than social democracy, New Labour's Third Way is therefore more akin to the social engineering of Lloyd George's new Liberalism at the turn of the century.[14]

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[11] There is loads of literature on the economics and politics of workfare. See, for example: F.F. Piven & R.A. Cloward (1993) *Regulating the Poor: the Functions of Public Welfare* (2nd edition), New York, Vintage; Jamie Peck (1998) 'Workfare: A geopolitical etymology' (*Environment & Planning D: Society & Space*, 16); Chris Tilly (1996) 'Workfare's impact on the New York City labour market: Lower wages and worker displacement' <http://www.russellsage.org/publications/working_papers.htm>

[12] The Conservatives introduced PFI only when there was nothing else left that they could sell off wholesale.

[13] This extends to promoting a particular kind of family life - hence the teaching of parenting skills (compulsory?), the talk of cooking lessons for the poor and the plan to install teenage mothers in hostels, where they can be 'guided'.

[14] The social-interventionist and work-worshipping tendencies of New Labour and the Third Way invite comparisons with fascism. But such a comparison would be somewhat superficial; the Third Way is more 'modern' than fascism. Indeed, it is social democracy that perhaps has a closer relation to fascism. Fascism is social democracy's dark shadow, and both mobilize the working class and attempt to socialize capital through the state-form more than does the Third Way. See 'When Insurrections Die' by Gilles Dauvé <http://www.geocities.com/CapitolHill/Lobby/2379/dauve.htm>.

The 'Welfare-to-work' programme, which has been modelled on the programmes of the same name in the USA, is the emblem of New Labour's Third Way. Indeed the programme can be said to embody the key principles or 'values' behind much of New Labour's economic and social policies: links between government and business; 'responsibilities as well as rights'; a utilitarian approach to education; and the importance of work and self-reliance. The centrepiece of Welfare-to-Work is the 'New Deal' for 18-24 year olds, which the government has described as its 'flagship' policy.[15] The New Deal and the other Welfare-to-Work programmes do not seek to create jobs: that would be far too Keynesian. Rather Welfare-to-Work is a 'supply-side' measure which seeks to get the reserve army of labour up to scratch so that, as the economy improves, employers are able to draw upon it instead of competing with each other for the existing 'job-ready' workers. And if the economy doesn't improve, the job-readiness of the reserve army of labour will serve as more than just a threat to those in work; in conjunction with the trend towards short-term contracts, it will enable a faster turnover of labour-power in order to keep wage costs down. Indeed, the 'modern economy' is all about just such 'flexibility' - employers being able to take up and shed labour when and where and under whatever conditions are demanded by the market.

New Labour seeks to promote a greater sense of 'responsibility' in each individual to match their 'rights'. From this general 'sense of responsibility' will flow, it is hoped, a more participative and active engagement in 'the world of work' - whether through some kind of petty entrepreneurship or through accepting a shit job or crappy placement just to get a toe-hold in the labour-market. Despite how they appear to many claimants, therefore, the 'work experience' aspects of the New Deal programme aren't simply there to cut the dole figures as under the old Conservative approach: they are there to change people's expectations, their mentality, their acceptance of work-discipline and hence their labour-market position.

'Welfare-to-work' itself is part of a much broader programme of 'welfare reform' designed to 'modernize' an obsolescent welfare system. As the New Labour ideologues point out, Beveridge's system of unemployment insurance was designed for an era of 'full employment' and was intended only for those short periods when workers were temporarily between jobs. From capital's point of view, it has instead become a system that promotes and sustains claimant recalcitrance, with the consequences for the labour-market that we have already described. These same ideologues also bemoan the expense of keeping people on benefits. But from a bourgeois perspective, there are better ways of saving money for the state than cuts to benefits and the recurrent 'benefit fraud crackdowns'. The much-vaunted 'problem of the welfare budget' has only ever been a propaganda tool to justify harsher treatment of claimants, which itself has always been a means of attempting to liberalize the labour-market.[16] The critical analysis which only understands New Labour's welfare restructuring in terms of 'cuts' to save money is therefore mistaken. This should be obvious from the fact that programmes such as the New Deal for 18-24-year-olds cost much more[17] than is saved in getting people off benefits, at least in the short to medium term. Indeed, New Labour is hardly cutting the welfare budget overall; rather it is simply allocating it differently - to 'reward work instead of benefits dependency'.[18]

The coherence of New Labour's Third Way social policies as a whole, and their difference from the way social democratic interventions imposed work, is clear from the role of the recently introduced minimum wage.[19] The left has responded to the minimum wage, albeit critically, as something which in essence can be built upon in a progressive direction: they simply want the minimum wage to be a lot more and have been seeking to mobilize around this (sometimes 'transitional') demand. Yet, in times of working class strength, a minimum wage would not have been 'necessary'; workers would in many cases have been able to fight for and get rising real wages.[20] The minimum wage today is not a concession to working class strength. Instead, it needs to be understood in relation to the Government's attempt to re-allocate welfare payments from non-workers towards those in work. While non-working claimants (e.g., unemployed, single parents, disabled, asylum seekers) are to be subject to greater means testing and cuts in eligibility, those in low-paid jobs are to receive a new 'Working Families Tax Credit' plus a 10p rate of income tax to make such low-paid work more attractive. In the context of benefits becoming in effect wage-subsidies, a minimum wage serves to contain such subsidies within reasonable limits and thus acts as a safeguard against employers shifting the cost of reproducing labour-power onto the state. It is not, therefore, a social democratic concession to a strong working class, but part of the broad project of re-imposing work.

Limits of the re-imposition

As the emblem and embodiment of the Third Way, 'Welfare-to-Work' can serve as a barometer of the success of New Labour's attempt to re-impose work. Overall, the bourgeois commentators continue to be broadly supportive of New Labour and regard its 'Welfare-to-Work' programmes as broadly going in the right direction. This relative degree of success can be seen in the progress of the New Deal for 18-24-year-olds. At the time of writing (August 1999), over a quarter of a million people have entered the scheme.[21] The programme is claimed to have led to an increase in the rate at

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[15] This programme of job-counselling, training, schemes and subsidized work is compulsory for 18-24 year olds who have been unemployed six months or more.

[16] Welfare spending is only about 12% of GDP and declining.

[17] In this case £3.5 billion over four years.

[18] 'The Government's aim is to rebuild the welfare state around work' ('The importance of work', Chapter 3 of the Government's welfare reform green paper.)

[19] Currently £3.60 an hour for those over 21.

[20] Indeed, until the 1980s, the trade union movement was against a minimum wage, recognizing that it would act as a wage ceiling. Trade unions were concerned to keep the state out of interfering with their 'free collective bargaining' over wages.

[21] Of these, nearly 30% have been placed in unsubsidized jobs, with around 20% currently on one of the placements, euphemistically known as 'options' (subsidized work, 'voluntary' sector, 'environmental task force' and education/training - the latter being the 'option' with by far the largest take-up).

which 18-24-year-olds have left the claimant count, over and above the fall in unemployment that has been taking place anyway in most parts of the country simply due to the economic recovery.[22]

The Government has felt confident enough to press on with its programme of welfare restructuring, implementing versions of the New Deal for other sections of non-employed people, such as the over-24s, over-60s, partners of the unemployed, single mothers and the disabled. At the moment, however, these programmes are not compulsory, unlike that for 18-24 year olds. On top of this, the various benefits are to be consolidated under the 'single work focus gateway', or 'One' as it now called, whereby all claims will be dealt with in one location (instead of the current multi-agency arrangement). For all categories of non-working people except pensioners and children, there will be interviews about 'the possibility of taking work' at every stage in the claiming process. The only real setbacks the Government has suffered over the past two years are the concessions it has had to make to placate back-benchers and 'public opinion' over cuts in eligibility for single parent benefits, means testing for disability benefits and the virtual abolition of benefits for asylum seekers. The programme as whole has continued unchecked, since even 'old Labour' opponents of some of New Labour's most extreme policies share with them support for the underlying values of work.

The relative success of the New Deal has corresponded to a decline in organized resistance to welfare restructuring. When the Job Seekers Allowance was proposed by the Conservative Government back in 1995, the main organized opposition took two forms. First, a small anti-JSA network of anarchist and similar groups from around the country was formed. These 'Groundswell' groups were often connected to claimants' unions or community action groups. Most participants were unemployed themselves, and had in an important sense chosen to be so. The Groundswell network held a number of marches, pickets and occupations, but attempts to build local solidarity through leafleting and advice (e.g., on getting through Jobcentre interviews) was the most prevalent tactic.

Second, many Jobcentre (dole) workers themselves were opposed to the JSA, since it threatened to increase the policing aspect of their work and hence bring them into conflict with claimants. The Jobcentre workers' strike in the winter of 1995-6 was not over the JSA as such, but it served to delay the implementation of the JSA by three months. It also undermined the ability of management to impose performance-related pay, whereby dole-workers are rewarded according to the number of claimants that they pressurize off the dole.

The network of claimants' campaign groups never developed into a movement, but they found the JSA relatively easy to mobilize around because it was so obviously punitive. But the New Deal has had some success in winning cynical claimants over. This is evidenced in the fact that few new claimants are coming forward to join the remaining claimants action groups - particular not young claimants, the group most affected by the New Deal. Despite the continuing use of the dole by thousands of people as a trouble-maker's grant, most claimants think they can escape the changes to the dole simply

[22] For example: *Working Brief*, May 1999; J. Atkinson (1999) *The New Deal for Young People: A Summary of Progress* (Employment Service/ Institute for Employment Studies).

through individual strategies (bullshitting, travelling, petty entrepreneurship etc. etc.).

The customer-friendly 'new ethos' of the New Deals has also served to dampen some of the militancy of the dole-workers. Most of them didn't want the stress of giving claimants a hard time, and now they don't have to so much, so there is less reason for them to resist Welfare-to-Work as they did with previous changes to the dole.

Yet the New Deal for 18-24-year-olds has not gone completely to plan. Despite the lack of organized support, the unemployed are still proving resistant to the Government's attempts to render them 'job-ready' and willing.

In the first place, even when they are apparently willing, too many people coming off the dole are still perceived by the bosses as not job-ready. For example, most of New Deal candidates in London are apparently seen as 'unemployables'. It is less the skills of New Dealers that are missing or at fault than their attitudes. Too many lack what are called 'soft skills' - such as the ability to communicate, present themselves and get on with other people - and many businesses have complained of attendance problems.[23] Soft skills and punctuality are qualities that even the most low-paid office cleaning jobs now demand.

But willingness is also a problem for the New Deal. A year after the programme was rolled out nationally, more than 12,000 people have now been sanctioned. Offences include leaving work placements, failure and refusal to attend such placements, and the catch-all 'misconduct'. As might be expected, 'Environmental Task Force' placements, the 'option' that most obviously echoes the discredited make-work schemes of the past, has the highest percentage of sanctions. The Environmental Task Force and the Voluntary Sector 'option' have an 'image problem', according to the commentators; many claimants would rather lose their money for four weeks than endure them![24]

Employment Minister Andrew Smith has complained of New Deal claimants 'raising two fingers' and 'misusing the system in a way unanticipated'. The 'new ethos' of the New Deal has enabled many claimants to delay being put on placements for as along as possible. Around a quarter of those who have entered the scheme are still in the 'job-counselling' ('Gateway') phase. Jobcentre staff have often colluded with claimants; they have taken the 'new ethos' so literally that in many cases they have stopped hassling people and instead let them remain on the Gateway long past the four-month limit. The Government has now responded to this claimant creativity. In a speech to 'think-tank' Demos,[25] David Blunkett, Secretary of State for Employment, announced a strategy of 'three strikes and you're out'. If this policy is passed, after their third JSA sanction (of four weeks) 18-24-year-olds stand to lose benefits for six months.

Yet the Government still faces the possibility of resistance from the other flank. The Government's attempt to improve the 'value-for-money' of the Jobcentres and other departments of the welfare state is pushing benefit workers towards confrontation with their employers. In a number of pilot-areas, private firms are involved in the running of the New Deal. In Hackney, for example, employees of Reed Employment (a private employment agency) work alongside the dole-workers; in such cases, the dole-workers are brought brutally to face a possible future: a non-unionized workforce, on lower pay, and subsisting on the number of bonuses gained by finding jobs or placements for the unemployed 'clients'. The performance of these private companies has been consistently poorer than the Employment Service. Despite this, and despite the campaigns by Jobcentre staff, the contracts of firms such as Reed have been renewed. Private companies have also been invited to compete with the Jobcentres in tendering for the running of the 'single work focus gateway' schemes[26] and the planned 'Employment Zones'.[27]

Struggles over privatization have already been won and lost in the council-run housing benefits services. Despite a strike, housing benefits in Sheffield have been partially out-sourced. Similarly, the private firm Capita is now running housing benefits in Lambeth. But Capita's bid to run the service in Brighton and Hove was defeated earlier this year after an intense workers' campaign, including the threat of an illegal 'political' strike; many of the workers involved felt that they had little to lose by threatening such action.

The 'social Europe' is the New Europe

While one of the purposes of this article is to point out that the 'Third Way' in the UK and the 'new reformism' in Europe are each attempting to re-impose work through similar post-social-democratic policies, we must also acknowledge their differences - differences which reflect different national histories. The restructuring and rebuilding that took place in Continental Europe following the second world war meant that, by the 1970s, working practices in Germany and France in particular were more competitive than those of the UK, which remained antiquated and entrenched. Therefore, UK capital, unlike most of the other major European states, had to take drastic action to restructure its economy.

But as well as UK capital finding it more necessary than the Europeans to restructure, the UK also had rather more scope to do so. Given the existence of a large finance-capital sector which could continue to cream off surplus-value from abroad through the money markets, the backward manufacturing sector could simply be sacrificed. By contrast, in Germany, for example, there was no alternative to continuing to base the economy on manufacturing. Hence Germany, unlike Britain, retained key social democratic policies such as corporatism, even during the decades during

[23] See, for example, *Evening Standard*, 31st March 1999.

[24] The sanctions were introduced under the JSA, which illustrates the underlying continuity between the punitive approach of the Conservatives and the New Deal.

[25] Demos was formed by ex-Communist Party leftovers.

[26] One name mentioned in connection with running the 'Gateway' is Andersen Consulting, a firm already notorious for their both incompetent and ruthless running of the benefits system in Ontario, Canada. See the article in *Where's My Giro? 6*, available at http://www.muwc.demon.co.uk/.

[27] In the 'Employment Zones', due to be introduced in April 2000 to a number of unemployment 'black spots', long-term unemployed people over 25 have to make themselves more employable by managing a sum of money that would otherwise be spent on them through benefits and training.

which it was forced, like Britain, to pursue policies aimed at controlling the money supply.

The continued reliance of European national capitals on manufacture, and hence the absence of precipitous Thatcherite restructuring in these countries, has meant that the working class in Continental Europe has for the most part remained stronger than in the UK. Social democracy has therefore not retreated as far in Europe as here in Britain. Thus whereas the election of New Labour in the UK was understood by most on the left as signalling the continuation of the 'neo-liberal' agenda of the Thatcherite period, the re-emergence of the 'socialists' elsewhere in Europe was interpreted by many as a partial resurgence of social democracy - a turn to the left.

Yet, even to the extent that the ruling parties in Europe are to the left of New Labour (not difficult - even the Liberal Democrats are to the left of New Labour!) theirs is now a hollowed out social democracy. Since the 1970s, all nation-states have been experiencing broadly similar political-economic pressures due to the global autonomy of finance capital. This apparent externalization of the imperatives of capital accumulation has prompted all the European countries to continue to re-structure and hence to think again about how they impose work. Thus, for example, the consensus now amongst the bourgeoisie is that the German social model, once an exemplar of social democratic progress and productivity, must be 'reformed' if it is to retain its place as the economic powerhouse of Europe: its workforce is seen as pampered, over-regulated and inflexible and its welfare system unaffordably generous.

Some of the European governments have expressed reservations about following the UK model too closely. Yet key aspects of the Third Way are already ascendant on the Continent. The major European states have implemented workfare or other intensive programmes to 'help the unemployed back to work', paralleling the emblematic New Deal in Britain: for example, the 'law against exclusion' in France and 'Jump' in Germany. Indeed, the most successful European role-model for the Third Way is not Britain but Denmark, where the introduction of intensive job-search programmes is claimed to have led to a growth in the workforce far beyond that of the UK. Like the New Deal, the European employment-counselling and work-experience programmes are a conscious echo of old-style job-creation programmes - yet without the job-creation.

Some of the other 'reforms' similarly echo a social democratic heritage. Principal among these are measures to reduce working time (e.g. in Germany and France) which, where already implemented, have served as a justification for intensifying work, increasing overtime and freezing wages. In such cases, we can see what happens when reformist 'demands' are acceded to. Capital is often happy to give the reformists what they ask for: less working-time (at least nominally) in exchange for more work-intensity.

For example, Volkswagen's 'pioneering' of a much-reduced working week has been the means through which production has been restructured and rationalized at its German factories. At the beginning of the 90s, prior to the reduction in working time, workers at the Wolfsburg plant had the highest wages and bonuses, the longest breaks and the best holiday arrangements among comparable workers - and their cars took longest to assemble. A reduction in working time to 28.8 hours per week was proposed as a way of restructuring without getting into an expensive and confrontational programme of mass redundancies.

In fact, the labour force at VW has been reduced through 'natural wastage'. Those that remain have in effect sacrificed much of their collective control over how their work is organized. There are no common breaks between different teams of workers, thus reducing their opportunities for communication. Depending on the demands of production, workers may be sent to sites many miles away. With the nominal 28.8 hour week, flexible schedules - four, five or six days a week plus night shifts - have enabled production to be intensified. The assembly time per car has now dropped from 30 hours in 1993 to 20 hours in 1998. Production was raised in that year, and a further productivity raise is on the agenda. At the same time, regular monthly wages have stayed the same, but cuts in the yearly bonus payments mean that the annual wage has dropped by 16 per cent. [28]

Current limits of resistance

Due to the workerism of the left 'opposition', the so-called 'social democrats' who govern Europe in the late 1990s have perhaps been more successful then their more right-wing predecessors in creating a new 'consensus' around the value of work for all. Thus, the rallying cry of the 'new reformists' in government - 'against neo-liberalism' - is precisely that of the left 'opposition'. And thus for example the demands articulated by the Euromarchers - 'against unemployment, job insecurity and social exclusion' - are, except perhaps for the middle one, values which are dear to hearts of the 'new reformers' in government.[29] The demands of the extra-parliamentary left for 'real jobs' have been outflanked, undercut and superseded. The relative success of the 'new reformist' governments in beginning to impose their programmes of flexibility, workfare and labour-discipline shows that 'real jobs' have already been redefined!

However, the network of campaigns and groups endeavouring to become a European social movement around un\employment issues is made up of many different strands, not all of which take the same attitude to the 'new reformist' governments. Yet it is some of the more apparently radical groups who appear to pose the greatest danger of recuperation through their attempt to represent a proletarian movement.

In France, for example, 'AC!' network, which has been involved with both the unemployed movement[30] and the

[28] See the Wildcat (Germany) article '35 hour week: Lower incomes and more work', the Movement Communiste (France) article '35 hours against the proletariat', and the article by Amici di Marinus van der Lubbe (Italy) 'The awkward question of times.' All are in a forthcoming publication provisionally sub-titled *Illusions of the Welfare State and Working Time Reduction*.

[29] Is it any wonder that at least one of the groups involved with Euromarch, 'Different Europe', is funded by the European Parliament!

[30] The unemployed 'movement' of 1997 demanded and got improvements in benefits. Yet the more we have learned about the nature of the French unemployed struggle since its high point of December 1997, the less of a 'movement' does it appear. See, for example, 'The unemployed movement: A struggle under the influence...' by Olga Morena in *Oiseau-tempete* 3, Summer 1998 (c/o AB Irato, BP 328, 75525 Paris Cedex 11, France) and the Movement Communiste article 'Considerations on agitations of unemployed people and precarious' in the forthcoming publication

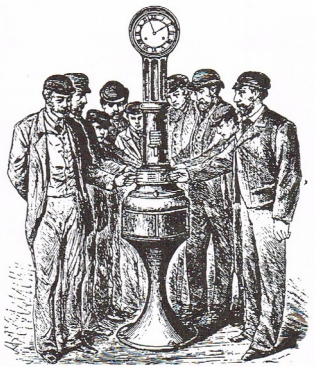
Euromarches, includes some radical tendencies which seek to develop the network to confront wage-labour as such. Yet they do this through attempting to create unity around a demand - that of a guaranteed income.[31] The German group FelS, which grew out of the *autonomen* movement but now seeks to escape from the ultra-radical ghetto, likewise is attempting to mobilize around this demand. They are quite up-front in stating that it is merely tactical - a transitional demand which they don't expect to be realized yet which appears halfway reasonable in the given political climate.[32]

A problem with this 'tactical' use of social democratic demands is that it reflects a conception of the working class as passive. The working class is seen as in need of leadership from outside in the form of disingenuous and artificial demands which supposedly unite them. Such demands are artificial in that they do not express a genuine tendency of a movement; indeed, the aim is to create, not consolidate, a movement.[33]

This approach also fails to appreciate that progressive welfare-state reforms are not some linear stepping stone to a world without wage labour. They are a form of mediation; and to the extent that the working class becomes mobilized behind them, then the proletariat, as the obverse of capital, becomes *de*mobilized. Thus the leftists who regard the recent 'resurgence of social democracy' as an opportunity to mobilize around and build upon through a set of ('transitional') demands are therefore doomed to legitimize and support the re-imposition of work, arguing only about its terms.

The 'transitional demand' approach is not the only form of resistance inadequate to the current re-imposition of work. Across Europe, some of the more informal strategies of resistance are already being superseded and recuperated. Partly, the limits of these forms of resistance reflect the fact that they were based on a narrow and dated understanding of 'the world of work'. It is not enough to oppose 'our work' to 'their work'. This false opposition is all too clear in the post-social-democratic governments' co-option and integration of so many forms of 'escape' into their own programmes and hence into the labour-market as a whole: the 'intermediate labour market',[34] the 'voluntary' sector (now not so voluntary), forms of low-level workers' control such as co-operative enterprises (in which workers work harder for less pay),[35] petty entrepreneurship (the 'alternative' economy) and black market casual jobs on the side (now to become your subsidized *real* job!).

The argument of this article has been that the Third Way and the 'social Europe' are attempting to impose work in a way distinct both from social democracy, with its 'bribe' of social protection and 'full employment', and from 'neo-liberal' policies, with their lumpen mass unemployment. Social democracy is still in retreat and purely neo-liberal policies were merely a moment of restructuring. By the same token, however, it is not clear how long Third Way policies themselves will be seen as appropriate for capital's task of consolidating the restructuring that has been taking place. We have devoted much space to the Welfare-to-Work programme; but when the New Deal reaches the end of its four-year life-span, will there be a different 'emblem' to represent the government's approach? While certain forms of resistance are today largely superseded, at some point this supersession will itself be superseded by resistance. New Labour and the 'new reformist' governments of Europe will continue their active interventions to enhance work-discipline only to the extent that they see these interventions as having the desired effect on the labour-market. When the labour-market fails to respond, capital may be obliged once more to turn to the more traditional means of imposing and re-imposing work: mass unemployment.



Workers clocking in two minutes early

provisionally sub-titled *Illusions of the Welfare State and Working Time Reduction*.

[31] See, for example, 'Steps towards a European network for income' by the AC! Commission on Income, December 1998.

[32] See also the useful critique of the FelS position by Walter Hanser, from the Freiburg Alliance Against Work, which is available at the FelS website <http://www.nadir.org/nadir/initiativ/fels/konferen/kritik.htm>.

[33] All this is dealt with in more detail in the excellent Wildcat (Germany) article 'Reforming the welfare state for saving capitalism' in the forthcoming publication provisionally sub-titled *Illusions of the Welfare State and Working Time Reduction*.

[34] Squatting initiatives in parts of Europe have in a number of cases accepted the double-edged sword of workfare by formalizing their activities and lifestyles within subsidized work schemes. See for example'Desire is speaking: An overview of the European squat-punk culture' in *Do or Die* 8 (c/o 6 Tilbury Place, Brighton BN2 2GY).

[35] Encouragement of worker involvement in co-operative enterprises in Italy have led to an intensification of work and served to undercut the pay and conditions of other workers. See *Precari Nati* (c/o Diego Negri, Casella Postale 640, 40124 Bologna, Italy).

What was the USSR?

Towards a Theory of the Deformation of Value

Part III: Left Communism and the Russian Revolution

Streets of Kronstadt after uprising, October 1905

Any analysis of the USSR necessarily involves an underlying conception of what the Russian Revolution was. The Trotskyist approaches that we have previously considered are all based on the conception of the Russian Revolution as being an essentially proletarian revolution that somehow degenerated. By contrast a consideration of Left Communist theories allow us to question this underlying assumption, and as a result provides vital insights into the development of a theory of what the USSR was.

The Russian revolution seemed to show for the first time that workers could actually overthrow a bourgeois capitalist state and run society themselves. After almost all of the socialist parties and trade unions of the mainstream Second International workers movement patriotically supported the slaughter of the first world war, the Bolsheviks it seemed had reasserted an internationalist revolutionary Marxism. But if the Russian revolution was initially a massive inspiration to proletarians across the world, being a first outbreak in the revolutionary wave that ended the war, its impact after that is more ambiguous. The word 'communist' became associated with a system of state control of the means of production, coupled with severe repression of all opposition. The workers movement across the world was dominated by this model of 'actually existing socialism', and the parties who oriented themselves to it. The role of these regimes and parties was to do more to kill the idea of proletarian revolution and communism than ordinary capitalist repression had ever been able to. So those in favour of proletarian revolution had to distinguish themselves from these official communist parties and to make sense of what had happened in Russia. A group that did so was the Left Communists or Communist Left.

Who was this communist left?

The Communist Left emerged out of the crisis of Marxist Social Democracy that became acutely visible during the war. Left Communist currents emerged across the world. Those with politics that we and Lenin could describe as left communist were generally the first revolutionary militants from their respective countries attracted to the Russian Revolution and to the Communist International (Comintern) set up in 1919. In some countries notably Germany, Italy a majority of those who formed their respective communist parties had left communist politics. However their experience was - sooner or later – to find themselves in disagreement with the policies promoted from Moscow and eventually excluded from the Communist International.

Two main wings of the Communist Left managed to survive the defeat of the revolutionary wave as traditions: the German/Dutch Left[1] (sometimes known as Council Communists) and the Italian Left (sometimes referred to as Bordigists after a founding member). While their analyses were not the same on all points, what really defined them was a perception of the need for communist revolutionary politics to be a fundamental break from those of Social Democracy. Such a break necessarily implied an attempt to overcome the dichotomy between the political and the economic that was central to the theory of the Second International.

Although they disagreed at what time it occurred, their perception was that the Bolshevik party slipped back into, or never quite left Social Democratic positions. Identifying themselves as revolutionary and as Marxist the common problem for these currents was to understand what had happened in a way that was true to both. While saying the Soviet Union was capitalist allowed a revolutionary position to be taken up against it, they found it necessary to do this in a way that made sense in terms of Marx's categories and understanding of capitalism. Out of their different experiences they developed very different theories of the degeneration of the Russian Revolution and of the capitalism that developed in the USSR.

However these oppositions to the Moscow line were largely eclipsed by the strength of Stalinism in the workers' movement and by a later opposition to this that grew up around Leon Trotsky, the exiled leader of the Russian Communist Party and state. Due to the revolutionary credentials and prestige of its founder, Trotskyism established itself as the most visible and numerous opposition to the left of the official 'Communist' movement. Particularly in Britain, which has not really generated its own left Marxist tradition, it managed to plausibly present itself against Stalinism as the genuine revolutionary Marxism. For this reason we devoted the previous articles to a presentation and critique of theories of the USSR coming out of Trotskyism: the orthodox Trotskyist theory of the degenerated workers state, Tony Cliff's version of state capitalism, and Hillel Ticktin's recently influential theory of Russia as a specifically distorted and untenable society.[2]

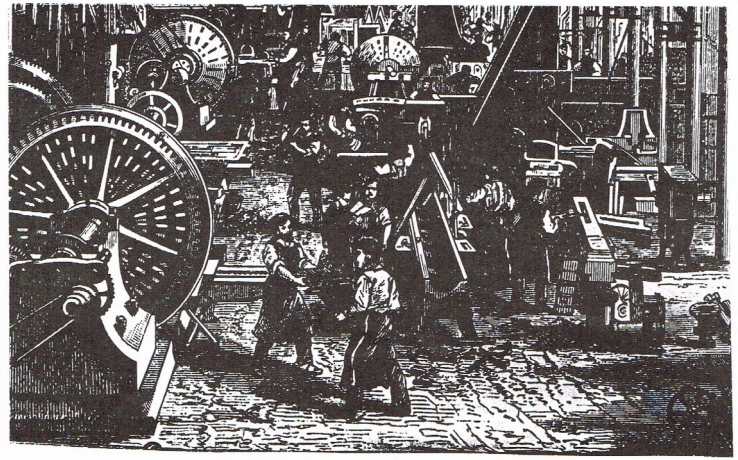
We argued that a weakness of all these theories was that they moved within a certain kind of orthodox Marxism. Identifying with the Soviet state under Lenin and Trotsky, they assumed that, on the basis of the traditional Marxist premise that socialism is the abolition of private property in the means of production through its wholesale nationalisation by the state, that there had been a successful socialist revolution in Russia which in some way had degenerated. They disagreed on what type of system had emerged, but they generally saw it as hinging on the lack of workers' democratic control of nationalised property. For Trotskyism, Leninism is the revolutionary alternative to the Second International, and Trotskyism was the revolutionary continuation of Leninism against Stalinism. The existence of a Communist Left threatens this picture. It shows that Trotskyism was by no means the only Marxist opposition to Stalinism. In fact, as

[1] The German and Dutch Communist Lefts were theoretically and practically intertwined. Two of the most prominent theorists of the German Communist Workers Party - Pannekoek and Gorter - were Dutch. Exiled German Left activists often took refuge in Holland. In what follows we will generally use the term' German Left to indicate the whole political current.

[2] 'Trotsky's theory of the Soviet Union as a degenerated workers state', and 'The theory of state capitalism from within Trotskyism' in *Aufheben* 6, out 1997, and 'Russia as a non mode of Production' in *Aufheben* 7, out 1998

we'll see, it questions whether Trotskyism has been a 'revolutionary' opposition at all.

However while Trotskyism, through the flexible tactics it was willing to adopt, could exist on the fringes of a Stalinist and social democratic dominated workers' movement, the left communists, their politics fundamentally oriented to revolutionary situations, were reduced by the thirties to a far smaller and more isolated existence. It was only after Stalinism's hold on the revolutionary imagination began to break in 1956 and with the wave of struggles beginning in the sixties that there was a resurgence of interest in revolutionary tendencies to the left of Trotskyism, like the Communist Left. The focus on Councils and workers' self-activity that was basic to the German Left was taken up by groups like Socialism or Barbarism (and its linked British group Solidarity) and by the Situationist International.[3] The German Communist Left which declared itself anti-Leninist was more immediately attractive to those rejecting Stalinism and the critical support given it by Trotskyism than the Italian Left which, because it emphasised the party, seemed like another version of Leninism. However after '68 partly due to a perceived weakness of a merely 'councilist' or 'libertarian' opposition to Leninism, there was a renewal of interest in the Italian Left which was the other main Communist left to have handed down a tradition.[4]



In this article we shall look at the various theories of the Russian, German/Dutch and Italian Communist Left. We shall ignore certain other communist lefts because either they have not managed to pass down any theoretical writings on the question or because as, say, with the British Left they largely followed the German/Dutch left on the question of the Russian Revolution.[5] Our point of departure is that Communist Left which developed within the Russian Revolution itself and which received Lenin's wrath before the

[3] Surprisingly perhaps the most interesting and dynamic appropriation of the Communist Left has not been made in Germany or Italy but in France. After '68 in particular a modern 'ultra left' tradition has emerged there in a way unlike other countries. Within this a different less 'partyist' appropriation of the Communist left has been made. The recently republished *Eclipse and Re-Emergence of the Communist Movement* (Dauve & Martin, Antagonism Press) is an example of this.

[4] A main way the Communist left is known in Britain is through the publications and activities of groups emerging in the early seventies, which claimed to defend the positions of the Communist Left. These groups on the surface appear to the uninitiated as Party oriented groups not so different from some of the smaller Trotskyist sects. In most other countries where it has a presence the Communist left has a similar type of existence

[5] The history and positions of Communist lefts that developed in some countries have been effectively destroyed, e.g. those of the Bulgarian left. The British communist left was represented by Sylvia Pankhurst's group around the Workers Dreadnought (previously the Woman's Dreadnought) and the Spur group in Glasgow of whom Guy Aldred was the leading spokesman. They largely following the German left on the Russian question so we will not treat them here. There is a good account of them in Mark Shipway's *Anti-Parliamentary Communism: The Movement for Workers Councils in Britain, 1917-45* (Macmillan,1988)

rest. Though the Russian Left cannot be said to have developed the same body of coherent theory as the other two, its very closeness to the events gives its considerations a certain importance.

The Russian Left Communists

What is striking about the Russian Left Communist current is that it emerged out of an environment that was both dissimilar and similar to the their European counterparts. As we will see in the following sections, the German and Italian Communist Lefts emerged as an opposition to social democracy's accommodation with and incorporation into bourgeois society. In Russia the situation was somewhat different. Still being an overwhelmingly agricultural and peasant country under the autocratic rule of the tsar, bourgeois society had not become dominant, let alone allowed the establishment of social democracy within it. In fact, the very repressive character of the tsarist regime meant that the gradualist approach of stressing legal parliamentary and trade union methods that prevailed in Western Europe was largely absent in Russia, and there was a general acceptance of the need for a violent revolution. This need was confirmed by the 1905 revolution, which saw mass strikes, the setting up of soviets, wide-spread peasant uprisings - in general a violent confrontation of revolutionary workers and peasants with the forces of the state. But whilst this context set the Russian Social Democrats apart from their European counterparts, there was also an underlying continuity between the two. In fact, Lenin throughout tried to stay true to the orthodoxies of Second International Marxism, and accepted Kautsky, the chief theorist of German social democracy, as an ideological authority.[6] Basic to this form of Marxism was the notion of history inevitably moving in the right direction by concentrating and centralising the productive forces, so that socialism would be simply the elimination of the private control of those forces by the capture of state power and social democratic administration of them in the interest of the whole of society. But whereas the developed character of West European capitalism meant that in these countries this theory dove-tailed with a gradualist and parliament centred approach, due to the backwardness of Russian society, it took a revolutionary form.

The revolutionary side of Lenin's Marxism, as against other European social democrat leaders, was expressed most clearly when he took an uncompromising position of revolutionary opposition to the war.[7] On this fundamental issue Russian left communists had no reason for disagreement with Lenin. Nevertheless, this was to occur on other issues, such as Lenin's position on nationalism, and his view (until 1917) that Russia could only have a bourgeois-democratic revolution. Consequently, an opposing left fraction around Bukharin[8] and Pyatakov formed within the Bolsheviks. They contended that the war had prompted great advances of finance capital and state capitalism in Russia that made socialist revolution a possibility.. Fundamentally they saw the issue as one of world revolution of which Russia could be part. A key text for them was Bukharin's *Imperialism and World Economy*. In it he drew heavily on the essentially reformist Hilferding to argue that world capitalism, including Russia, was moving in the direction of state capitalist trusts where the state became appropriated by a finance capital elite. However, he took a much more radical interpretation of the political significance of these developments. The 'symbiosis of the state and finance capital elite' meant that the parliamentary road of Social Democracy was blocked and socialists had to return to the anti-statist strand in Marx's thought. The state had to be destroyed as a condition of socialism. However for the Russian situation, what was key about Bukharin's analysis of imperialism and state capitalism was that it allowed Russian left communists to abandon the classical Marxist line (held by *both* the Mensheviks and the Bolsheviks) that Russia was only ready for a bourgeois-democratic revolution..

But despite Lenin's initial hostility to the heretical ideas coming out of this left fraction,[9] after the February revolution he showed that he would not let his orthodoxy prevent him from being open to events. Just as the Bolshevik leadership thought that a long period of development of bourgeois society was on the horizon, it was clear from the continuing actions of the workers and peasants that the revolutionary period was by no means over. Workers were setting up factory committees and militantly contesting capitalist authority at the

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[6] In Leninist mythology the clear sighted Lenin split with the Russian Social Democratic Party on the question of organisation and by so doing created a line of revolutionary Marxism that foresaw and would be immune to the betrayal of revolution that both the Mensheviks and European social democrats would fall prey to. However, as both Debord and Dauve, has pointed out, Lenin was always a loyal Kautskyist - even when he accused his master of betrayal.

[7] Lenin's clear line on this led to an alliance of the Bolsheviks with European left communist - the Zimmerwald left - this broke down because of Lenin's refusal to work with those who rejected the right of nations to self-determination. See Bob Shepherd 'After Zimmerwald' in *Radical Chains*, no.3

[8] Bukharin is better known for the right wing positions he took in the twenties. Up to '21 he was however a leading figure of the left of the party, in many ways closer to European Left communists than to Lenin's very Russian perspectives.

[9] Lenin particularly scorned the position that Pyatakov painted of revolution: "We picture this process [the social revolution] as the united action of the proletarians of all [!] countries, who wipe out the frontiers of the bourgeois [!] state, who tear down the frontier posts [in addition to 'wiping out the frontiers'?], who blow up [!] national unity and establish class unity." {Lenin's 'comments'} To which Lenin replies 'The social revolution cannot be the united action of the proletarians of *all* countries for the simple reason that most of the countries and the majorities of the world's population have not even reached, or have only just reached, the capitalist stage of development... *Only* the advanced countries of Western Europe and North America have matured for socialism...The social revolution can come only in the form of an epoch in which are combined civil war by the proletariat in the advanced countries and a *whole series* of democratic and revolutionary movements... in the undeveloped, backward and oppressed nations. " Lenin 'The nascent trend of Imperialist Economism October 1916 p 50-52

point of production; peasant soldiers were deserting the front and seizing land. Responding to this, and against the Bolshevik leadership, Lenin in 1917 *seemed* to take up all the essential positions of the left communist tendency within the party. In the *April Theses* he called for proletarian socialist revolution. To give this a Marxist justification, he argued in *The Impending Catastrophe and How to Avoid It* that the war had revolutionised Russian society by developing state capitalism. Meanwhile, he was writing *State and Revolution*, which saw him at his most un-social democratic; he even acknowledged the Dutch left communist, Pannekoek. Due to the now clearly revolutionary line of the Bolshevik party, it consequently became the pole of re-groupment for revolutionary Social Democrats and for radicalised workers. All those against the war and for taking the revolution forward were drawn to the Bolsheviks: Trotsky's followers, many left Mensheviks, but most importantly vast numbers of radicalised workers. Thus revolutionaries with politics closest to the European left communists were not as with them, fairly small minorities fighting within Social Democratic parties against their clearly non-revolutionary politics, but instead were a sizeable part of a party - the Bolsheviks - whose leader Lenin seemed to accept many of their theoretical positions, and what's more brought the party to act on these by overthrowing the provisional government and declaring 'All Power to the Soviets'.

Organic Reconstruction: Back to Orthodoxy

But if the revolutionary side of Lenin seemed in 1917 to break from social democratic orthodoxy - if it seemed to the left that he had become one of them - soon after October, they were to doubt it. A dichotomy between political and economic aspects of the revolution became apparent in his thinking. For Lenin, the proletarian character of the revolution was assured in the political power of a proletarian party; 'economic' issues, like the relations at the point of production, were not of the essence. More and more Lenin's attention returned to Russia's backwardness, its unripeness for immediate social transformation and thus the paradoxical notion that state capitalist economic developments under the proper political guidance of the party might be the best path towards socialism. This turn in Lenin's thinking was obscured at first by another question: how to respond to Germany's terms for peace at the Brest Litovsk negotiations. Whilst the group known as the Left Communists were for rejecting these conditions and turning the imperialist war into, if not an outright revolutionary war, then a defensive revolutionary partisan war,[10] Lenin insisted on accepting Germany's terms for peace. Peace, he argued, was needed at any price to consolidate the revolution in Russia; to win 'the freedom to carry on socialist construction at home'.[11]

The Left responded again by stressing the internationalist perspective, and argued that an imperialist peace with Germany would carry as much danger as the continuation of the imperialist war. Such a peace, by strengthening Germany - which had faced a massive wave of wildcat strikes in early 1918 - would act against the prospects of world revolution. Hence, Lenin's apparent choice of temporarily prioritising the consolidation of the Russian revolution over spreading the world revolution was, for them, a false one. By taking a limited nationally oriented perspective at Brest Litovsk what would be consolidated, they argued, was not 'socialist construction' but the forces of counter-revolution within Russia. As such, the left communists were then the earliest proponents of the view that you cannot have socialism in one country.

But whilst the Left Communists position initially had majority support from the Russian working class, this support faded as Germany launched an offensive. Lenin's arguments, which he pursued with vigour, then prevailed leading to the treaty of Brest Litovsk, under which the Bolshevik government agreed to German annexation of a vast part of the area in which revolution had broken out including the Baltic nations, the Ukraine and a part of White Russia.[12]

The sacrifice of pursuing world revolution for national 'socialist construction' became all the greater as it became clear exactly what Lenin meant by this term. In face of the Bolsheviks not having a very clear plan of what to do economically after seizing power, the first five months were characterised by the self-activity and creativity of the workers. The workers took the destruction of the provisional government as the signal to intensify and extend their expropriation of the factories and replacement of capitalist control by forms of direct workers control. This process was not initiated by the Bolshevik government, but by the workers themselves through the Soviets and especially the factory committees. The Bolsheviks reluctantly or otherwise had to run with the tide at this point. This period was a high point of proletarian self activity: a spontaneous movement of workers socialisation of production, which the Bolsheviks legitimized (one might argue recuperated) after the event with the slogan 'Loot the Looters', and their decrees on Workers Control and the nationalisation of enterprises. The workers were euphoric with the communist possibilities of abolishing exploitation and controlling their own destinies.

However, by spring (as the treaty of Brest Litovsk was signed), Lenin pushed the Bolsheviks to initiate a different economic policy called the New Course involving a more conciliatory attitude towards "creative elements" in the business community'. While Lenin didn't disown entirely what the workers had done, there was the clear message they had gone too far. Their acts should now be curtailed and controlled. In their place, he talked of setting up joint state/private capitalist trusts. The basic idea seemed essentially to be a mixed economy with co-operation between public and private sectors. Although the Mensheviks welcomed these measures as the abandonment of the 'illusory

[10] The Left Communists reason for changing their position from one of proposing revolutionary war to that of defensive revolutionary partisan war, in fact resides in the openness for Lenin's arguments, when he pointed out that it would be a rather unrealistic to go for revolutionary in the face of massive war weariness and peasant desertion of the front this was a quite unrealistic position.

[11] Speech 28/7/18: CW vol. 28, p29.

[12] 60 million people, half the industrial firms, three quarters of the steel mills and nearly all the coal mines were in this area

chase after socialism' and a turn to a more moderate realistic path, Lenin still tried to differentiate himself from the Mensheviks, by stating that as long as the state remains in the hand of the proletarian party, the economy would not degenerate into normal state capitalism. Significantly, the other side of this focus on the 'proletarian state' was that Lenin, while wanting a return to capitalist methods of economic organisation saw no need for the other main Menshevik demand: for independent workers organisation. As Lenin put it, "defence of the workers' interests was the task of the unions under capitalism, but since power has passed to the hands of the proletariat the state itself, in its essence the workers state, defends the workers interests.'

It is this New Course which the Left Communists were to oppose in their *Theses on the Current Situation*[13] published in response to the peace treaty. In it they identified the peace treaty as a concession to the peasants, and as a slide towards 'petty bourgeois politics of a new type'. They saw bureaucratic centralisation as an attack on the independent power of the soviets, and on the self-activity of the working class, and warned that by such means something very different from socialism was about to be established. The New Course talk of accommodation with capitalist elements in Russia was seen as expressive of what had become clear earlier with Lenin's willingness to compromise with imperialism over Brest Litovsk, namely an overall drift towards compromise with the forces of international and internal capital. The left communists warned that behind the argument for saving and defending Soviet power in Russia for international revolution later, what would happen was that "all efforts will be directed towards strengthening the development of productive forces towards 'organic construction', while rejecting the continued smashing of capitalist relations of production and even furthering their partial restoration." [10] What was being defended in Russia was not socialist construction, but a 'system of state capitalism and petty bourgeois economic relations. The defence of the socialist fatherland' will then prove in actual fact to be defence of a petty bourgeois motherland subject to the influence of international capital." [9]

Lenin's Arguments for State Capitalism Versus the Left Communists

It is not surprising that Lenin was forced to reply to this accusation of pursuing state capitalist economic policies. What is revealing though is that when he did so in *Left Wing Childishness* and *Immediate Tasks*, it was not by justifying the recent measures as a form of socialism, but by fully endorsing state capitalism and arguing it would be an advance for Russia. He now brought into question his prior arguments that Russia was part of a world state capitalism and thus ripe for socialism, which had seemed necessary to justify proletarian revolution in 1917. Lenin again returned to the notion of Russia's backwardness. A theory of transition based on the Second International acceptance of unilinear 'progressive' stages came to the fore. He noted that all would agree that Russia being in transition meant that it contained elements of socialism and capitalism, but he now said the actual situation was even more complicated. In a model that we will see was key to his understanding, Lenin argued that Russia's backwardness meant it actually combined five types of economic structure:

> (1) patriarchal, i.e. to a considerable extent natural, peasant farming;
> (2) small commodity production (this includes the majority of those peasants who sell their grain);
> (3) private capitalism;
> (4) state capitalism;
> (5) socialism

Russia, he claimed, while having advanced politically was not economically advanced enough for direct advances towards socialism. The state capitalism, that he had earlier seemed to agree with the left communists had arrived in Russia was, now he said only a shell pierced by the lower forms of economy. The real battle in Russia, he contended, was not that of socialism and capitalism, but of state capitalism and socialism on one side versus all the other economies on the other. Economic growth and even economic survival he contended depended on state capitalist measures. The ones he argued for included the paying of high salaries to bourgeois specialists, the development of rigid accounting and control with severe penalties for those who break it, increased productivity and intensity of labour, piece work and the 'scientific and progressive' elements of the Taylor system.

The overarching repeated demand from Lenin was for 'discipline, discipline, discipline' and he identified this with the acceptance by the workers of one-man management - that is 'unquestioned obedience to the will of a single person.' The arguments of the left that this was suppressing class autonomy and threatened to enslave the working class was just dismissed by Lenin with the insistence that there was "absolutely *no* contradiction in principle between Soviet (*that is*, socialist) democracy and the exercise of dictatorial powers by individuals." [p 268] All it was apparently, was a matter of learning "to combine the "public meeting" democracy of the working people - turbulent, surging, overflowing its banks like a spring flood - with *iron* discipline while at work, with *unquestioning obedience* to the will of a single person, the Soviet leader, while at work.'" [p 271] The point for Lenin was that as long as it was a proletarian state that introduced these measures it could prevent regression down the rungs of the ladder and prepare for the eventual movement up towards socialism.

Left wing opposition to Lenin's line at this point had two main thrusts, which in part reflected a division in the 1918 left communists. One side we might call 'technocratic', emphasised opposition to precisely what the Mensheviks welcomed, namely the suggested compromises with private capitalists. They argued that whoever controlled the economy would control politics, capitalist economic power would dissolve the power of the Soviets and 'a real state capitalist system' and the rule of finance capital would be the result. The

13 *Theses on the Current Situation* (1918), Critique, Glasgow, 1977. Also in Daniels *Documentary History of Communism*. References are to these numbers.

other thrust of left communist criticism was against the re-employment of authoritarian capitalist relations and methods within production. As Ossinsky in particular argued, one man management and the other impositions of capitalist discipline would stifle the active participation of workers in the organisation of production; Taylorism turned workers into the appendages of machines, and piece-wages imposed individualist rather than collective rewards in production so installing petty bourgeois values into workers. In sum these measures were rightly seen as the re-transformation of proletarians within production from collective subject back into the atomised objects of capital. The working class, it was argued, had to consciously participate in economic as well as political administration. In this best tendency within the 1918 Left Communists, there was an emphasis on the problem with capitalist production being the way it turned workers into objects, and on its transcendence lying in their conscious creativity and participation, that is reminiscent of Marx's critique of alienation. It is the way the Russian left communists arguments expressed and reflected workers reactions and resistance to the state capitalist direction of the Bolsheviks and workers aspirations to really transform social relations, that there importance lay. Such sentiments ran through the left oppositions, even if until 1921 their loyalty to the party generally stopped them supporting workers practical expressions of resistance. As Ossinsky put it:

> "We stand for the construction of the proletarian society by the class creativity of the workers themselves, not by the ukases of the captains of industry. If the proletariat itself does not know how to create the necessary prerequisites for the socialist organisation of labour, no one can do this for it and no one can compel it to do this. The stick, if raised against the workers, will find itself in the hands of a social force which is either under the influence of another social class or is in the hands of the soviet power.. Socialism and socialist organisation will be set up by the proletariat itself, or they will not be set up at all: something else will be set up - state capitalism."[14]

The central kolkhoz market in Moscow.

These arguments of Ossinsky represented the best element in the left communists' positions: a recognition that the mass creativity and autonomy of the workers was essential to any

14 'On the Building of Socialism' Kommunist no 2, April 1918 in Daniels p 85

move towards communism, thus that nationalisation or statisation of production was not enough. Lenin's view was that direct workers control of their own activity was an issue for the future and that in the meantime iron discipline was required.

'War Communism'

The conditions of civil war and imperialist invasion that Russia fell into in the second half on 1918, altered the conditions of debate and broke the Left Communists as a cohesive opposition. On the one hand, where the alternative to the Bolsheviks was White armies committed to the restoration of the old order, criticism by workers and peasants of the measures the party was taking, was tempered. But apart from this pragmatic issue, the civil war also exposed the inadequate foundation much the left communist criticism had been based on. Considering that, for many left communists, their critique of the New Course, and the consequent accusation of state capitalism, was based mainly on the notion of compromise with private capitalists, and perceived concessions to the peasantry, in the face of what was to be called 'war communism' they had very little left to criticise. Not only did a whole wave of nationalisations take place, virtually wiping out the previous role of the private capitalist, but if there was one thing war communism was not, it was system based on concessions to the peasants. It consequently became difficult for them to describe Russia as state capitalist.

In fact, the technocratic wing of the Left Communist even went as far as welcoming 'war communism' as a real advance to communism. And when war communism resulted in mass inflation virtually wiping out money, they equally saw it as a general move to an economy in kind with all sorts of transactions, even wages, ceasing to use money. The self-emancipatory wing, (which was to provide both the original arguments as well as personnel of the later left oppositions of the Democratic Centralists and the Workers Opposition) took a more cautious stand. They had tended to focus their criticism on the excessive centralisation of power and the bureaucratic capitalist methods of the state economy, to which they counter-posed a restoration of power and local initiative to the soviets and other workers' bodies. But without the other components of their earlier critique, and considering that Lenin himself had described state capitalism – with all its management methods – as playing a progressive part, the left oppositions ceased to describe it as such.

The mistake of confusing the war-time measures as a step in the direction of socialism became clear as the war came to an end and the Bolsheviks tried to step up the war economy measures.[15] The fallacy of associating state-control with socialism, despite the intensification of capitalistic production relations, became clear as workers and peasants reacted to their material situation with a wave of strikes and uprisings. The Kronstadt revolt in particular showed the giant gulf between the state and the working class. Despite this general discontent, both outside and within the party, Lenin responded with, on the one hand, the New Economic Policy(NEP), and on the other, the banning of factions with the famous statement that was to characterise the regime thereafter: 'Here and there with a rifle, but not with opposition; we've had enough opposition'

New Economic Policy: New Opposition

It is important then to grasp that the NEP, which was essentially a return to the moderate state capitalism championed by Lenin in the New Course debate, did not mark an abandonment of communism, but merely a change in the form of state capitalism. Central to the New Economic Policy (NEP) was a changed relation to the peasantry with a progressive tax in kind replacing state procurement and leaving the peasants free to trade for a profit anything left above this. Free trade which had not disappeared was now legal. On the industrial front small scale production was totally denationalised and many, though not the largest factories, leased back to their former owners to run on a capitalist basis. For the working class there was reintroduced payment of wages in cash and charges for previously free services. The command economy of the 'war communism' years was abandoned in favour of the running of the economy on a commercial basis. Nevertheless the commanding heights of the economy remained under state control and the basis for systematic state planning in terms of forecasting etc. continued to be developed. In fact, the very continuity between the New Course and the NEP also showed up in the fact that Lenin, in trying to justify the NEP in the pamphlet *Tax in Kind*, reprinted large parts of his earlier critique of the Left Communists, including the '5 socio-economic structures' model of the Russian economy.

In 1921 Lenin gave the same reply to Workers Opposition accusations of state capitalism as he had to the Left Communists in 1918, namely that state capitalism would be a tremendous step forward from what Russia actually was, which was a 'petty producer capitalism with a working-class party controlling the state.'[16] The key thing about the regime developing at the time of NEP was that, accompanying economic concessions to private capitalism, was intensified political repression, the banning of factions in the party, and non-toleration of any independent political tendencies in the working class. As Ciliga later observed, before the NEP the intensity of repression of left opposition had varied, after this date all opposition was repressed on principle and the treatment of prisoners grew worse.[17]

It was in this context of political repression and economic re-imposition of capitalist forms that a number of small opposition groups emerged, which again took up the notion of state capitalism. What was common to these new groups was that, unlike the previous left communist tendency and the later left opposition of Trotsky, these groups did make a decisive

15 Trotsky's support for militarisation of labour is a classic example. See *Terrorism and Communism.*

16 "The Tax in Kind (NEP)' CW 32 pp. 329-369 here he analyses relation of petty producer capitalism to state capitalism in 1921 This text will be key to Bordiga's understanding of the USSR

17 In fact at some of the worst times in the civil war the Bolsheviks gave other socialists and anarchists more freedom. The changing relation to Makhno's partisans being a case in point. See Ciliga in his *The Russian Enigma* p 251

break from the Bolshevik party. One such group that emerged was the Workers Truth centred around an old left adversary of Lenin, Bogdanov. In issuing an *Appeal*, starting with Marx's famous 'the liberation of the workers can only be the deed of the workers themselves', they argued that the Bolshevik party was no longer a proletarian party, but rather the party of a new ruling class, and thus they called for a new party.[18]

With at first a little less theoretical clarity, it was however, the Workers Group, centred around Miasnikov, that made the biggest impact on the class. The main opposition strand had been the Workers Opposition, which while appearing to support the working class, had essentially been demanding a transfer of power from one party faction to another, namely that organised in the trade unions. Miasnikov and his supporters had at this point rejected both the state economic bodies and the trade unions as bureaucratised forms, and in arguing for a return of power to the soviets, had implicitly questioned the party. Miasnikov stood out even more by not supporting the repression of Kronstadt, which he described as an abyss the party had crossed. This willingness to break with the party was crucial because oppositions until then, though reflecting discontent outside the party, had remained wedded to it seeking refuge in organisational fixes that failed conspicuously to deliver.

In 1923 they produced a *Manifesto* appealing to both the Russian and international proletariat. Rather than theoretical considerations their description of the NEP as standing for the 'New Exploitation of the Proletariat' simply tries to express the conditions that the workers were facing. They denounced the attacks on the working class the Bolshevik regime was carrying out making a point that echoed Luxemburg:[19] "the bourgeoisie has, and will have, no better advocate' than the 'socialists of all countries' because they have the ability to disorientate the proletariat with their phrases. Or again: 'a very great danger threatens the achievements of the Russian proletarian revolution, not so much from outside as from inside itself.' Expressing this emphasis on the world proletarian movement the workers group took a resolutely internationalist line. They were sure that the Russian proletariat's only hope lay in aid from revolution elsewhere. They argued that the Bolshevik policies of a 'socialist united fronts' and workers governments were acting against that hope of world revolution.[20]

However, the real significance of the group was the fact that they took their criticism of the state capitalist direction of the Bolsheviks to its logical conclusion of supporting proletarian opposition to the regime. In late '23 a wave of strikes broke out and the Workers Group became involved gaining an influence for their Manifesto among the proletariat and prompting their suppression by the secret police. Soon their existence was relegated to the prison camps or in exile. It was here that they moved away from their focus on the NEP, and started to question war communism. There their state capitalist analysis became more and more influential in the camps where, as Ciliga observed, a political life repressed elsewhere continued. They extended their critique to the sort of 'socialism' that the Bolsheviks had tried to create even before NEP, arguing that because it was based on coercion over the working class and not the free creation of the class, was in reality a bureaucratic state capitalism.

We have looked then at those arguments of the Russian Left most illuminating for an understanding of the Revolution. The importance of the 1918 Left Communists was not just the fact that they right from an early stage argued that there was a danger that not socialism, but capitalism would emerge from the revolution, but also because in his battles with them, Lenin most explicitly revealed his own support for 'state capitalism'. The importance of Miasnikov's Workers Group lay in them being the most significant of the post 1921 groups who took their criticism of the state capitalist direction of the Bolsheviks to its logical conclusion of supporting proletarian opposition to the regime. Their confrontation with the Russian state was far more consistent and coherent than that of Trotsky's Left opposition. However we cannot say that they provided the theoretical arguments to solidly ground a theory of state capitalism. We will turn now to the tendencies in Europe, with whom they made contact, to see if they had more success.

The German/Dutch Communist Left

In Germany the beginning of the century was characterised by a tension between official and unofficial expressions of working class strength. On the one hand, the Social Democratic Party (SPD), which had founded and dominated the Second International, had grown to an unprecedented scale (almost becoming a 'state within a state'), and was receiving steadily larger proportion of votes in elections. On the other, there was also an increased militancy and radicalisation of class struggle, manifesting itself in more and more strikes and lockouts[21] - struggles that in many cases went beyond economic demands and took on a mass and political character. While a left radical current within the SPD was to see these as a way the class was developing towards revolution, the mainstream party and trade union leadership set itself against these new forms of class struggle. In the years to come these two expression of the working class were to drastically clash. Indeed the direct struggle between class and capital would become that of revolutionary tendency of the proletariat and social democracy siding with and representing capital.

The counter-revolutionary character of the gradualist practice of the SPD first came brutally to light when, in the

[18] Appeal of the workers truth Group in Daniels *Documentary History of Communism* p 221

[19] Luxemburg referring to the German SDP says 'the troops of the old order, instead of intervening in the name of the ruling classes, intervene under the banner of a 'social-democratic party.'" The workers group were making the obvious and necessary extension of this critique of the SDP to the more radical Social Democracy that the Bolsheviks were turning out to represent.

[20] As they so eloquently put it: 'why does Zinoviev offer Scheidman and Noske [social democrats responsible for defeating the German revolution] a ministerial seat instead of a gibbet.'

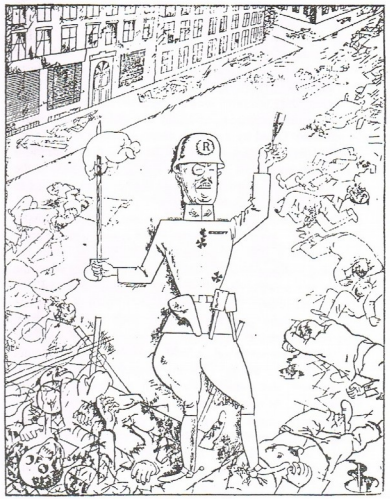
[21] Between 1890 and 1899, 450,000 were involved in strikes and lockouts; between 1900-04, 475,000. In 1905 alone, 500,000.

interest of preparing for the next election, the party stepped in to demobilise a wave of industrial struggles and suffrage agitation that swept Prussia in 1910. Although leading to some fierce arguments over strategy between Kautsky and the emerging radical left tendency, it was only with the war that these oppositions made moves towards a split with the party. Despite always having had a position of opposing imperialist wars, the SPD and the unions turned to social patriotism - the party voted for war credits and the unions signed a pact to maintain war production and prevent strikes. As a result, two main opposition tendencies emerged: the left-communist tendency that split from the party, and the Spartacists that at first tried to stay within the party and reform it from within. However, their different responses to the SPD's turn to social patriotism, was emblematic of what was to follow. Whilst the left communists throughout put themselves on the side of revolution, the Spartacist leadership never entirely managed to break from social democratic conceptions.

The German Revolution: Breaking from Social Democracy

But whilst SPD's support for the war was important in generating a radical left tendency, it was only in the face of the German Revolution that the overtly counter-revolutionary character of social democracy became clear to large numbers of workers. The Russian Revolution had been a massive inspiration for revolutionaries and the class struggle in Germany. In early 1918 there was a wave of mass wildcat strikes. And although the SPD put a lit on these struggles, the opposition kept growing. Finally in November, revolution broke out when sailors mutinies and a generalised setting up of workers councils ended the first world war. The ruling class, knowing that it could in no way contain the revolutionary wave, turned to social democracy to save the nation, and appointed the SPD leader as chancellor. Knowing that direct confrontation would get them nowhere, they set themselves to destroy the councils from within. The Spartacists, trapped within a 'centrist' faction of social democracy, could only watch while it helped the SPD in this task. The SPD thus managed to get a majority vote at the first National Congress of Workers and Soldiers Councils in favour of elections to a constituent assembly and for dissolving the councils in favour of that parliament. At the same time the trade unions worked hand in hand with management to get revolutionary workers dismissed and to destroy independent council activity in the factories. Councils against parliament and trade unions became the watch word of revolutionaries.

Recognising the depth of their failure, the Spartacists broke from social democracy and joined the left communists to form the Communist Party of Germany(KPD). And in January 1919, within days of this founding conference, the KPD was tested in combat. Prematurely provoked to action by the government, revolutionary workers in Berlin attempted to overthrow the SPD government in favour of a council republic. The KPD put itself on the side of the insurrection, which was crushed by the SPD minister Noske's *freicorps* - a volunteer army of proto-fascist ex-officers and soldiers. The Spartacist leaders, Luxemburg and Liebknecht, were arrested and murdered. Over the next months revolutionary attempts in Bavaria, Bremen, Wilhemshaven and other places, were likewise defeated in isolation. Social democracy, through armed force when necessary, but more fundamentally through the ideological hold it and its trade unions had over the working class, had defeated the revolution and saved German capitalism.



Prost Noske! Die junge Revolution ist tot!

'Here's to Noske! The young revolution is dead.' Caricature of the Freikorps by Georg Grosz, April 1919

However, within the class there was also a process of radicalisation. Large numbers of workers, recognising the counter-revolutionary role of the SPD and the unions, and having fought SPD troops and police on the streets, rejected the parliamentary system and left the unions. As an alternative they formed factory organisations to provide a means for united proletarian action, and to be ready for the re-formation of revolutionary council power. While the majority of the KPD, including the rank and file Spartacists, supported these developments, the Spartacist leadership still wanted to participate in elections and the trade unions. In mid-1919, by a series of bureaucratic manoeuvres they managed to exclude the majority from the party. The Bolsheviks essentially sided

with this rump leadership. The basis of the split between the German communist left and the Bolsheviks was prepared.

In March/April 1920 the split in the KPD was to become permanent. At this time the *freicorps* that the SPD had used to crush the revolution, turned on their masters and launched a coup: the Kapp putsch. The trade unions called a general strike, which the working class responded to solidly, bringing the country to a stop. The coup collapsed, but workers were now mobilised across the country. In the revolutionary stronghold of the Ruhr the workers had formed a 80,000 strong Red Army that refused to disarm. Although having been saved by this revolutionary upsurge, the SPD saw their role as the same as it had been a year previously, namely to make sure than the struggles did not develop into full scale revolution. Only this time, they did not have the same working class credibility that had previously allowed them to control the situation. Faced by this, they chose a dual strategy: to re-establish their socialist credibility they talked of forming a government composed only of workers parties, whilst at the same time sending in their - now loyal once more - troops to attack and disarm the Ruhr.

The two sides of German 'communism' reacted totally differently to these events. The excluded majority of the party put themselves with the working class reaction from the beginning and supported the Red Army in the Ruhr when the SPD troops attacked it. The rump leadership of the KPD, while it had initially said it would not 'lift a finger' for the SPD government, quickly changed its position to total support. It offered itself a 'loyal opposition' to the proposed 'workers government', and called on the armed workers to not to resist the SPD troops. Thus the revolutionary potential of the situation was defeated by social democracy with the support of the Moscow supported KPD, who claimed to be a revolutionary break from social democracy. The left communist side of the KPD, feeling no rapprochement was possible with a group that had tacitly supported the violent suppression of the class, formed itself as the Communist Workers Party of Germany (KAPD), orientated totally towards the councils. The question is of course how these lessons affected their view of the Russian Revolution.

The German Left and the Comintern

For these revolutionaries the history of the German workers movement had shown the fundamental opposition between the methods of social democracy and revolution. It had seemed to them that 'Bolshevik principles' such as the suppression of bourgeois democracy and its replacement by the dictatorship of the proletariat through workers councils, were key to overcoming the opportunism of the SPD and winning the revolution in Germany. It was in this sense that 'Bolshevism' had helped their break from Social Democracy. The fact that the line coming out of Moscow seemed to favour some of the social democratic elements the left communists were breaking from, was merely seen as being based on their unfamiliarity with the West European situation. They thought the Bolsheviks were falsely generalising from the Russian situation, in which the use of parliamentary methods etc. might have been necessary, to the west European situation where the break with parliamentary practices, and the emphasis on councilism was essential for the revolution to succeed. Even when Lenin launched *Left-Wing Communism – An Infantile Disorder* a vicious polemic against them and in support of the KPD line, they still thought it was a matter of Lenin not understanding the conditions for revolution in the West. Even when Ruhle, their delegate to the Second Congress of the Comintern, returned arguing that Russia was 'soviet' only in name, the majority opposed his view. However, Ruhle's councilist argument that what Russia showed was that party-rule was a bourgeois form, that 'revolution was not a party affair', but a matter of councils and unitary factory organisations only, was later to become the dominant position of the remains of the German Left.

However, at this time, it was only when the Comintern adopted a line of a 'united front', and ordered the KAPD to liquidate and re-join the KPD, which had by then merged with left social democrats, did they start to rethink their position. By late 1921 - as a result of hearing about the NEP, the suppression of strikes, as well as Russia's willingness to make commercial and military treaties with capitalist powers - they decided that the Bolsheviks and the Comintern had left the field of revolution. They began to consider that there might have been internal conditions forcing the counter revolutionary policies abroad. The White counter-revolution had failed, yet Russia was acting in a capitalist way both at home and abroad. What was the explanation for this?

The spectre of Menshevism: October, a bourgeois revolution?

In 1917, when the German Social Democrats had supported the Menshevik line that Russia was only ready for a bourgeois revolution, the German Left had welcomed October as the first crack in bourgeois power - the start of world revolution. Now with it appearing that the Bolsheviks were retreating from the proletarian socialist path, the German Left started a move back to orthodoxy. Starting with a revised notion that October was a dual revolution, they were to end by deciding it was a bourgeois revolution through and through. Key to their understanding was the perceived dominance of the peasants in Russia.

This first manifested itself when, in the *Manifesto* of the International they tried to set up as a revolutionary alternative to the Comintern, they not only qualified their previous view of the socialist character of the revolution by going for a notion of dual revolution, but drew the further conclusion that the end result had not been socialism, but state capitalism. As Gorter put it, "in the large towns it was a change from capitalism to socialism, in the country districts a change from feudalism to capitalism. In the large towns the proletarian revolution came to pass: in the country the bourgeois revolution."[22] The reference to the passing of the socialist side of the revolution was a reference to how, as they argued, the NEP had not merely been a 'concession' to the peasantry, as the Bolsheviks talked of it, but had been a complete capitulation to the peasant - for them, bourgeois - side of the revolution. The effect was that the proletarian side of the

22 In *Workers Dreadnought* 8/10/21

revolution had been sacrificed, and what had been put in its place was instead a form of state capitalism.

Back to Luxemburg?

It was the central, if implicit, role of the Agrarian Question and the Internationalist perspective was to play in their theories that led them to return, ironically to Luxemburg. In 1918 she wrote a text - *The Russian Revolution* - in which, while declaring solidarity with the Bolsheviks, she made some deep criticisms of their actions in Russia, nearly all of which the German Left were to take up as their own. Written before the German Revolution, her condemnation of the Bolsheviks was, however, secondary to her condemnation of the passivity of the German Social Democrats for not following their revolutionary example. She had no time for the Menshevik line echoed by the Social Democrats in Germany that Russia was only ready for a bourgeois revolution. Instead she insisted that the problems of the Russian Revolution were "a product of international developments plus the Agrarian Question' which 'cannot possibly be solved within the limits of bourgeois society' and thus that the fate of the revolution depended on the international proletariat, especially the German proletariat without which aid the Russian Revolution could not fail to become distorted, becoming 'tangled in a maze of contradictions and blunders.' (p. 29) The German Left - not guilty like the Social Democrats of betraying the Russian revolution - could see itself as theoretically untangling these contradictions and blunders which the failure of world revolution had led the Russian Revolution into.

The blunders Luxemburg criticized the Bolsheviks for were: their line on national self determination; their suppression of the constituent assembly and voting; their tendency towards a Jacobin Party dictatorship rather than a real dictatorship of the proletariat involving the masses; and their land policy which she said would create 'a new and powerful layer of popular enemies of socialism on the countryside, enemies whose resistance will be much more dangerous and stubborn than that of the noble large landowners." [p 46] Giving this last point decisive importance, the German Left supported all of Luxemburg criticisms except for her position on the Constituent Assembly.

In fact the importance they attached to this last point became even clearer when Gorter, in drawing upon Luxemburg's assessment of the party dictatorship, nevertheless put a different slant on it. This came out when in *The International Workers Revolution*,[23] he started by quoting her statement: "Yes: dictatorship... but this dictatorship must be of the work of the class and not that of a leading minority in the name of the class: that is to say, it must, step by step, arise from the active participation of the class, remain under its direct influence, and be subordinated to the control of publicity and be the outcome of the political experience of the whole people." In other words, Gorter agreed with Luxemburg that the dictatorship of the proletariat was not the undemocratic dictatorship of the party, but rather the quite democratic dictatorship of the whole class. However he added that what she 'did not understand' was 'that all this could not happen in Russia; that no class dictatorship was possible there, because the proletariat was too small and the peasantry too mighty.' This orientation to the need for a majority proletariat had thus taken him to question the possibility of socialist revolution in Russia.

Pl. 39 H. Hoerle, cover illustration for *Die Aktion*, 1932

Gorter moved to the view that the bourgeois measures the Bolsheviks had made were being forced by Russia's backwardness. He argued that the minority status of the proletariat in Russia had forced a 'party dictatorship', and stated that despite not being organised, the 'elementary power' of the peasantry 'forced the Bolsheviks - even men like Lenin - to stand against the class from which it had sprung, and which was inimical to the peasantry.' But what he did criticise the Bolsheviks for, however, was their programme and the action they had prescribed to the proletariat in advanced countries, which had blocked the world revolution, and hence made the building up of world capitalism possible. It was only because of the latter that the bourgeois measures in Russia had become unredeemable.

Ruhle was to go even further than Gorter in this fatalistic direction. Going away from Gorter's notion of a dual

[23] In Workers Dreadnought Feb 24

revolution, he argued that the revolution had been bourgeois from the start. He grounded this view on what he called 'the phaseological development as advocated by Marx, that after feudal tsarism in Russia there had to come the capitalist bourgeois state, whose creator and representative was the bourgeois class.'[24] So considering the historical circumstances, the Russian Revolution could only have been a bourgeois revolution. Its role was to get rid of tsarism, to smooth the way for capitalism, and to help the bourgeoisie into the saddle politically. It was in this context that the Bolsheviks, regardless of the subjective intentions, ultimately had to bow for the historical forces at play. And their attempt to leap a stage of development had not only showed how they had forgotten the 'ABC of Marxist knowledge' that socialism could only come from mature capitalism, but was also based 'the vague hope of world revolution' that Ruhle now characterised as unjustified 'rashness.'

But whilst this move to a semi-Menshevik position was indeed a move back to the exact same position they had previously criticised the Social Democrats for having, it also had its merits. Where the earlier German Left focus on the New Course and NEP as a reversion to capitalism had the deeply unpleasant implications that both war communism and Stalin's 'left turn' was a return to socialism, the rigidly schematic position of Ruhle's theory allowed him to question the measures of nationalisation used in both these periods:

> 'nationalisation is not socialisation. Through nationalisation you can arrive at a large scale, tightly run state capitalism, which may exhibit various advantages as against private capitalism. Only it is still capitalism. and however you twist and turn, it gives no way of escape from the constraint of bourgeois politics'.

It was Ruhle's semi-Menshevik and fatalistic interpretation of Russia that, like his full blown councilism, was at first resisted, but then largely accepted by the German Left. This came out in what was its closest to a definitive statement on the Russian question: the *Theses on Bolshevism*.[25]

Theses on Bolshevism

The position the German Left was arriving at, and which came out in their *Theses*, was that the class and production conditions in Russia, first forced the dictatorship to be a party rather than class one, and second forced that party dictatorship to be a bourgeois capitalist one. But where this general idea, in Ruhle, had been solely confined to describing the historical forces that were at play behind the backs of the Bolsheviks, and regardless of their subjective intentions, in the *Theses* it took a more conspiratorial form. The Bolsheviks had not merely been forced into a position of unwittingly carrying out a bourgeois revolution, but had done so intentionally. From the very start they had been a 'jacobinal' organisation of the 'revolutionary petty bourgeoisie', who had been faced with a bourgeoisie that neither had the collective will nor strength to carry out a bourgeois revolution. So by manipulating the proletarian elements of society, they had been able to carry out a bourgeois revolution against the bourgeoisie. Consequently, 'the task of the Russian Revolution [had been] to destroy the remnants of feudalism, industrialize agriculture, and create a large class of free labourers'. But despite this rather conspiratorial element of the theory of the German Left, they escaped arguing that if the revolutionary proletariat had just realised the true nature of the Bolsheviks, they could have avoided the fate that was awaiting them. Rather, the fact that the Bolsheviks had taken the form of a revolutionary bourgeoisie was precisely because of the backwardness of Russia, and the consequent development had been inevitable.

It was this notion of the Bolsheviks taking the role of the bourgeoisie that allowed them, like Ruhle had done, to avoid seeing Stalin's 'left turn' as a step in the right direction, and instead they saw it as an attempt by the Soviet state to master the contradictory tension of the two forces it had been riding: a 'bolshevistic, bureaucratically conducted state economy' based on a regimented terrorised proletariat, and the peasant economy which 'conceals in its ranks the private capitalist tendencies' of the economy. [57] Or in other words, not as with Trotsky's Left Opposition, a tension between the socialist and capitalist sectors, but between the state capitalist and petty capitalist sides of the economy.

So like the Russian left communist current, the German Left was to end up characterising Russia as state capitalist, or as they called it 'state production with capitalist methods.' Whilst the commanding heights of the economy were bureaucratically conducted by the Bolshevik state, the underlying character was essentially capitalist. This they grounded by arguing that 'it rests on the foundation of commodity production, it is conducted according to the viewpoint of capitalist profitability; it reveals a decidedly capitalist system of wages and speedup; it has carried the refinements of capitalist rationalisation to the utmost limits.' Furthermore, the state form of production, they argued, was still based on squeezing surplus value out of the workers; the only difference being that, rather than a class of people individually and directly pocketing the surplus value, it was taken by the 'bureaucratic, parasitical apparatus as a whole' and used for reinvestment, their own consumption, and to support the peasants.

These arguments were a statement of the classic state capitalist case: Russia was capitalist because all the categories of capitalism continued to exist only with the state appropriating the surplus value and the bureaucrats playing the role of capitalists. And in keeping with the notion of state capitalism postulated by Marx and Engels, they ended up grasping it as a higher stage of capitalism. As they argued, 'The Russian state economy is therefore profit production and exploitation economy. It is state capitalism under the historically unique conditions of the Bolshevik regime, and accordingly represents a different and *more advanced* type of capitalist production than even the greatest and most advanced countries have to show.'[58-59]

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[24] *From the Bourgeois to the Proletarian Revolution*, p.7

[25] This text was written by the GIK in 1934 and published in English by the APCF as The Bourgeois Role of Bolshevism. References are to these numbers.

However, the problems with grounding the accusation of state capitalism on the basis that all the capitalist categories continued to exist soon became apparent. To say that production was oriented to capitalist profitability seemed questionable when the immediate aim seemed to be the production of use-values, particularly of means of production with no concern for the immediate profitability of the enterprise. Also to say that goods were produced *as commodities* when it was the state direction rather than their exchange value which seemed to determine what and how many goods were produced, also required more argument. While the state unquestionably seemed to be extracting and allocating surplus products based on exploitation of surplus labour, to say that it took the form of surplus value seemed precisely a point of contention. It was these apparent differences between Russian and western capitalism that led them to use the terms 'state capitalism' and 'state socialism' interchangeably. And it was these theoretical problems of the German Left that Mattick was later to try and solve. However,

Spartacist guards during the Berlin rising, January 1919

the main direction of German Left theoretical effort in relation to the Russia question was not to analyse the system in the USSR, but to build alternative models of transition to the statist one they identified as responsible for the Russian disaster. On the one hand, they were tempted by a mathematical model of labour accounting that was supposed to overcome money and value,[26] on the other, they made elaborate plans of how workers councils could run society instead of the a party-state.[27]

Mattick: Its capitalism, Jim, but not as we know it

Seeing his role as one of continuing the German council communist tradition, and preserving its insights, Mattick first made explicit what had been implicit in their assessment of Bolshevik policies.[28] Recognising that Leninism was merely a variant of Kautskyist social democracy, he made it clear that the Bolshevik conception of socialism was from the start very different from, and in opposition to, the one coming out of the councilist left. The reality of what Russia turned out to be was not merely a reflection of the particular historical circumstances it was faced with, but was embedded in the very ideology of the Bolsheviks. This essentially Second International ideology had seen the fundamental contradiction of capitalism as consisting in it being, on the one hand, an anarchic system in which the law of value regulated the market 'behind people's back' and, on the other hand, having a tendency towards the socialisation of the productive forces, and the development of more and more centralised planning and control. Socialism was thus seen as the rational solution to this anarchy through the appropriation, by a workers party, of the planning and centralisation that capitalism was itself developing.

Mattick, following the councilist tradition, saw this statist vision as having entirely lost the perspective of socialism as the abolition, by the workers themselves, of their separation from the means of production; of the abolition of the capital/labour relation and their consequent ability to control the conditions of life - to establish a society based on the free association of producers, as Marx had called it. It was this perspective that allowed him, like previous left communists, to say that the Bolsheviks, by taking the means of production into the hands of the state, had not achieved socialisation, but only the 'nationalisation of capital as capital' ownership by government rather than private capitalists. It was in this way

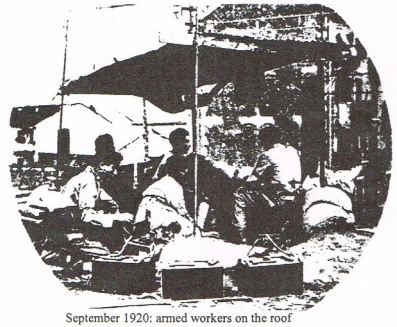
26 *Fundamentals Principles of Communist Production and Distribution*

27 Pannekoek's *Workers Councils*

28 See *Anti-Bolshevik Communism and Marxism: Last Refugee of the Bourgeoisie?*

that he, against Trotsky and Stalin, could make the obvious point that the means of production were not controlled by society as a whole, but still existed *vis a vis* the workers as alien capital, and as such Russia had not abolished the capital/labour relation fundamental to capitalism. However, while this point was important, it was not enough proof in Marxian terms of the existence of capitalism. The questions remained: how did the system operate?, what was its drive or regulating principles?, what laws governed it? And on these questions he was orthodox enough a Marxist to accept that complete statification of the means of production was a modification of capitalism with serious implications for the validity of fundamental value categories.

Specifically the problem consisted in to what extent the law of value still governed the economy in Russia. As Marx had argued, one of the main defining characteristics of capitalism is that the market is governed by the law of value.



September 1920: armed workers on the roof of the occupied Lancia factory

This means that instead of having a system in which production is consciously planned so as to meet people's needs, we have a system in which these needs are only meet indirectly through the exchange of commodities on the market. And the only regulatory principle on the market is that of supply and demand. Against the previous left communist tendency to classify Russia as state capitalist without trying to ground it in the categories of value, Mattick even made the further point that "to speak of the law of value as the 'regulator' of the economy in the absence of specifically capitalist market relations can only mean that the *terms* 'value' and 'surplus value' are retained, though they express no more than a relation between labour and surplus labour."[321] The problem for Mattick was of course that, considering he took Russia at face value and thought it was a genuinely planned system, it became difficult to at the same time call it capitalist. Considering that the market would no longer be run along the lines of indirect forms of commodity exchange governed by the law of value, but would be directly planned according to need, it would be problematic to say that the law of value existed at all.

Ultimately, this led Mattick to concede that state capitalism in Russia lacked what was a defining feature of capitalism, namely the law of value. No longer having this option open to him, Mattick reverted back to his previous reasons for calling Russia capitalist, coupled with the vague point that it was 'a system of exploitation based on the direct control of a ruling minority over the ruled majority.'[321]. But while he still insisted on the continuity of exploitative social relations, the fact that Mattick thought that the law of value had ceased to exist, led him to affirm the argument of the previous German Left that Russia was an *advanced* form of capitalism. This even to the extent that it had overcome some of the main problems of private-property capitalism, namely competition, crises and, as a result of the consequent stability, to some extent class antagonisms.

The notion that Russia could not have a problem with crisis sounds ironic today. There is also the further irony that while the main point of Mattick's book - on which it succeeded pretty well - was to attack the view, so prevalent in the post-war boom, that Keynesianism had resolved capitalism's crisis tendency. But a more pressing problem with his theory of Russia lies exactly with what he set out to prove, namely that Russia, despite its apparent differences from western capitalism was still capitalist in Marx's terms. Although trying to say that what he was describing was just a change in the form of capitalism, from 'market' to 'state-planned', this was open to the objection that value relations such as those that occur through the market are not incidental - they are of the very essence of the capital relation. And although Mattick rightly pointed to the fact that Russia was still based on the exploitation of the majority by the minority, one could easily argue that the defining point about capitalism is exactly that this exploitation occurs through the *indirect* form of commodity exchange with all its mystifications. Indeed, it could be argued that Mattick virtually implied that Russia was a non-capitalist form of exploitation that used capitalist forms to cover up the arbitrary nature of its exploitation. It is in the light of the major concessions to the differences between the state system and normal capitalism Mattick was willing to make, that critics would be justified in doubting the validity of the term at all. Hence instead of solving the problems of the theory of the German Left, that led them to use the terms 'state capitalist' and 'state socialist' interchangeably, he merely exposed them.

In a 1991 interview, his son Paul Mattick (Jnr) speculated that the collapse of the USSR might have indicated that his father was wrong and :

> whether it wasn't a mistake of all the people, members of this ultra-left current, among whom I would include myself, to think of the Bolshevik form, the centralized, state controlled economy, as a new form, which we should think of as coming after capitalism, as representing, say, a

logical end point of the tendency to monopolization and centralization of capital, which is a feature of all private property capitalist systems. Instead, it seems to really have been a kind of preparation for capitalist, development, a pre-capitalist form, if you want. '

This is exactly what the leading thinker of the Italian Left had argued.

The Italian Left

Origins

We now turn to the other main left communist position, that of the Italian left. Like the German and Dutch Lefts the Italian Left originated, in the years before the first world war as a left opposition within a Second International party, in their case the Socialist Party of Italy (PSI). But whereas German social democracy had exposed itself as both reactionary and actively counter-revolutionary, the very radicality of the Italian working class, and consequent strength of the Left, meant that reformism in the PSI was not as hegemonic as in the SPD. In 1912 the party even expelled an ultra-reformist wing over its support for Italy's Libyan war, and when the world war broke out and the Italian working class responded with a Red Week of riots across the country reaching insurrectionary proportions in Ancuna, the PSI alone among the western Social democratic parties did not rally to the nation. Their apparent difference from the SPD further came out when in 1919 the PSI affiliated to the Comintern. The enemy of the Italian Left was thus not an obviously counter-revolutionary party, but one dominated by the revolutionary posture of 'Maximalism', that is, combining verbal extremism with opportunist economic and political practice, or more to the point, inaction. This discontinuity between the social democracy in Italy and Germany was to greatly influence their theoretical developments. Where the German Left had very quickly reacted to the current events by making a final break with social democracy and going for a full blown councilist line, the Italian Left remained much more favourable to partyism. In a sense we could say that while the German Left tendency was to overcome the social democratic separation of the 'political' and 'economic' struggle by putting their trust in a revolutionary 'economic' struggle, the solution that the Italian Left moved to was an absolute subordination of political and economic struggles to a genuinely communist 'political' direction.

The determination to decisively politically break from all reformism developed in the context of Italy's experience of the revolutionary wave - the *Biennio Rosso* (Red Two Years). This was period in which workers set up factory councils, poor peasants and demobilised soldiers seized land, and where demonstrations, street actions, rioting, strikes and general strikes were regular occurrences. From the summer of 1919, when the state nearly buckled in the face of near insurrectionary food riots and syndicalist forms of redistribution and counter power, to the Occupations of the Factories in September 1920, revolution seemed almost within their reach. However, instead of taking an active part in this revolutionary wave, the PSI and its linked unions refused to act and at times even actively sabotaged the class struggle. However, where the German Left had reacted to similar occurrences by breaking with the SPD and identifying with the council movement, the reaction within the Italian party was, on the one hand, the Abstentionist Communist Fraction around Bordiga struggling to eliminate the reformists from the party, and on the other hand, the *L'Ordine Nuovo* (L'ON) centred around Gramsci and orientated to councils, but who saw no need to break from the 'Maximalism' of the PSI.

The adequate basis for the break with 'Maximalism' was finally provided when, in the context of this intense class struggle, the Italian PSI delegates, including Bordiga, went to the 2nd Congress of the Comintern in mid-1920. Key to this Congress was the setting of 21 conditions for membership of affiliating parties. Although Bordiga's group had to renounce their abstentionism, the overall target was the 'centrist' and opportunist tendencies of the PSI. Seeing that the overall tendency within the Comintern was in their favour, Bordiga even managed to beef up the disciplinary measures so that complying with the directives given by the Comintern was a condition for affiliation. Consequently, the Second Congress turned out to be massively helpful to them in their battle with the centre/right, and as such their attempts to forge a genuinely revolutionary communist party in Italy. They came away strengthened in their fight with the PSI by Lenin's authority, and felt that their fight for a revolutionary party was in convergence with the Bolsheviks. Consequently, the ideas beginning to emerge within the German Left - that Bolshevik prescriptions for the Western proletariat were not necessarily appropriate; that there might even be a contradiction between Bolshevism and revolutionary politics; and that the good of the World Revolution was being sacrificed to the national needs of the Russian state - not only failed to resonate with the Italian Left, but quite the opposite seemed to be the case.

With this reinforcement from Moscow the Italian Left finally made their break with the PSI. This was prompted by the movement of factory occupations, that exposed the bankruptcy of the PSI and its CGL unions. As a wage dispute by members of the Metal workers union developed into a massive wave of factory occupations, and everybody could see that the situation was critical and had moved beyond economic demands, the PSI and the unions responded by exposing their absolute inability to act for revolution. Instead of taking any revolutionary initiative, the PSI passed the bug to the CGL, who had a vote on whether to go for revolution or not. The outcome was 409,000 for revolution and 590,000 against. But where the break from social democracy had led the Germans to a full blown councilist approach, in Italy the defeat of the factory occupations also marked the end of the councilist approach of Gramsci's L'ON group. Bordiga's analysis on the need for a principled break with PSI's 'Maximalism' was now accepted by nearly all revolutionaries in the party, and in early 1921 they formed the Communist Party of Italy (PCI) under his leadership.

However, the coming together of the communist elements came too late. Not only was the *Bienno Rosso* a failed revolution, but a fascist counter-revolution was on the cards. With the tacit support of the democratic state, fascist

squadrista moved from their rural strongholds to attack workers neighbourhoods and worker organisations. Although communist and other workers formed armed detachments to fight back, the sort of working class reaction that in Germany defeated the Kapp putsch did not materialise, and by the end of 1922 Mussolini was in power.

Revolutionary setbacks, however, were not just confined to Italy, but was a general international phenomenon. But instead of recognising this as being the result of social democracy (or the failure of these parties to lead the struggles in a revolutionary direction, as the Italian Left saw it), the Comintern responded by imposing its policy of a 'united front'. For Italy the 'united front' line meant demanding the PCI fuse with Serrati's PSI, only asking that it first expel its right wing around Turatti. For Bordiga and the PCI, after their hard fought battle to disentangle themselves from the pseudo revolutionary maximilism of Serrati, the demand they unite with him was anathema.[29] They felt that in the turn to these flexible tactics, the communist political programme they had arrived at was in danger of being diluted or lost.

But where this, in Germany, led to the final break with Bolshevism, in Italy it resulted in a total Bolshevisation of the PCI. Ironically it was the Italian Left that had not only fought to make the Italian Party Bolshevik (in terms of their perception of the meaning of that term), but had also insisted on the Comintern's disciplinary role on national sections. But now they were to become one of the main victims of that discipline. Their insistence that socialism was only possible if carried out on a world-scale and led by an international revolutionary party, as well as their failure to see that the Comintern was largely dominated by Russia and used for its own national purposes, meant that they still perceived the Comintern as this international and revolutionary agent. Ultimately, this meant that they were willing to accept the rigors of discipline to policies they totally opposed and indeed felt were betraying the communist programme, in order to hold on for as long as possible. This even to the extent that Bordiga, despite his overall majority in the PCI, conceded leadership to a small faction of the party led by Gramsci, which was willing to obey Moscow and impose 'Bolshevisation' on the party. Later Bordiga and the fraction around him were forced out of the party they had created.[30] Still, it would be many years before would fully identify Russia as capitalist.

Bordiga's theory

So where the Germans, in their councilism, had taken an outright anti-Leninist stance, the Italian Left took a much more Leninist approach. Indeed when the Italian Left had finally, in exile, started to question the nature of Russia, it was in a manner that seemed at first closer to that of Trotsky's, rather than the theories coming out of left communists elsewhere. Against the German left communists, they had insisted that the argument that the Russian Revolution had been bourgeois from the start, was a loss of the whole international perspective that had been shared by all the revolutionary fractions at the time. But whilst this point certainly allowed the Italians not to lose the revolutionary significance of October, their logic that if the revolution had been a proletarian revolution, the state was a proletarian state that had degenerated, had the down-side of appearing to be a version of Trotsky's theory of a degenerated workers state.

The 'Leninist' side of the Italian Left became especially clear with Bordiga when, in his attempt to gain an understanding of the nature of Russia, put great emphasis on the very text that Lenin had used to attack the Russian Left Communists, namely the *Tax in Kind* pamphlet. By returning to the Agrarian Question Bordiga bypassed a lot of state capitalist concerns. Looked at *economically*, he argues, Russia did not have the prerequisites for socialism or communism, and the tasks that faced it were bourgeois tasks, namely the development of the productive forces for which resolving the Agrarian Question was essential. However, the war that Russia was part of was an imperialist war that expressed that the capitalist world as a whole was ready for socialist revolution and Russia had not only a proletariat who carried out the revolution, but a proletarian party oriented to world revolution had been put in power. Thus on the 'primacy of the *political*' October was a proletarian revolution. But insofar as Bordiga assumed that, economically speaking, there was no other path to socialism than through the accumulation of capital, the role of the proletarian party was simply to allow but at the same time keep under control the capitalist developments necessary to maintain social life in Russia.

Ironically however, it was exactly in emphasising Lenin's notion that capitalism under workers control of the party was the best Russia could have, that Bordiga could go beyond not only the Trotskyism, that the Italian Left theory of Russia had initially seemed close to, but more importantly maybe, the theory of the German Left. As was shown in the previous article of this series, Trotsky took the nationalisation of land and industry as well as the monopoly on foreign trade, as evidence for Russia in fact having the socio-economic foundations for socialism - hence his notion that the revolution was congealed in 'property forms'. And relying on Preobrazensky's contrast between what he saw as the 'law of planning' of the state sector versus the law of value of the peasant sector, he argued that one of the main obstacles that had to be dealt with before arriving at socialism proper, was the capitalist features of the peasant sector. As such he argued that Russia was a more advanced socialistic transitional economy. The German Left, although differing from Trotsky's view in the sense that they maintained that the revolution had been bourgeois from the start, was in essence very close to it. This was insofar as they, in line with the traditional state capitalist argument, saw Russia as a more advanced, concentrated version of capitalism, leading Mattick virtually to a third system conception.

Bordiga, exactly by returning to Lenin's emphasis on the political, could avoid going down that path. The clashes

[29] When a fusion was eventually forced through the PSI demoralised by fascism only comprised 2000 members confirming the Italian left argument that it was an exhausted tradition.

[30] Bordiga, either imprisoned or under surveillance by the fascist police, withdrew from politics at this time. The banner of the Italian Left was upheld by the fraction in exile in France and Belgium.

between the state industrial sector and the peasant sector was not, as Trotsky and Preobrazhensky had argued, the clash between socialism and capitalism. Rather, as Bordiga argued, it was the clash between capitalism and pre-capitalist forms. And here lay the real originality of Bordiga's thought: Russia was indeed a transitional society, but *transitional towards capitalism*. Far from having gone beyond capitalist laws and categories, as for instance Mattick had argued, the distinctiveness of Russian capitalism lay in its lack of full development.

This was grounded on Russia's peripheral status versus the core capitalist economies. In a period when world capitalism would otherwise have prevented the take off of the capitalist mode of production, preferring to use underdeveloped areas for raw materials, cheap labour and so on, Russia was an example of just such an area, that through extreme methods of state protectionism and intervention secured economical development and as such prevented the fate of being assigned a peripheral status on the world market. It is this role of the Bolsheviks as the enforcer of capitalist development that explains why the USSR became a model for elites in ex-colonial and otherwise less developed countries.

The failure of both Trotsky and the German Left to see this also showed up in their confusion with regard to Stalin's 'left-turn'. Never having accepted the Primitive Socialist Accumulation thesis of Preobrazhensky, Bordiga could make the rather obvious judgement that what Stalin carried out in the thirties - the forced collectivisation of peasants and the 5 year plans - was a savage primitive capitalist accumulation: a 'Russian capitalism Mark 2'. Stalin's 'left turn' was then neither a product of his impulses nor represented him being forced to defend the 'socialist' gains of the economy'. Rather it came from the pressing need for capital accumulation felt by Russia as a competing capitalist state. And the Stalinist excesses of the thirties - "literally a workers' hell, a carnage of human energy." [30] - were but a particular expression of the "general universal conditions appropriate to the genesis of all capitalism." For Bordiga once the proletarian political side went, what was striking was the continuity of the problems facing the emerging capitalism in Russia whether its government be Tsarist or Stalinist: that of attempting to develop the capitalist mode of production in a backward country facing world imperialism. In 1953 he states: "The economic process underway in the territories of the Russian union can be defined essentially as the implanting of the capitalist mode of production, in its most modern form and with the latest technical means, in countries that are backward, rural, feudal and asiatic-oriental." [43]

A hail of stones greets a train of 'scabs' escorted by the Carabinieri

Indeed, as Bordiga recognised, the problems involved with the crash course in capitalist development that the Bolsheviks imposed, also resulted in certain measures that were to obstruct the full expressions of a capitalist development. He centred this on its inadequate resolution of the *sin qua non* of capitalism: the Agrarian Revolution. Despite its brutality, Bordiga noted that the collectivisation process involved a compromise by which the peasants did not become entirely property-less, but were allowed to retain a plot of land and sell its produce through market mechanisms. This, as Bordiga saw it, re-produced the capitalist form of the small-holder, but without the revolutionary progressive tendency to ruin and expropriate these producers, because 'the little that belongs to him is guaranteed by law. The collective farmer is therefore the incarnation of the compromise between the ex-proletarian state and the small producers past on in perpetuity.'[25-6] While collectivisation did produce the proletarians necessary for state industry, Soviet agriculture

l'Ordine Nuovo

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...del Partito Comunista d'Italia

Dalla mezzanotte di oggi si inizia lo sciopero per tutte le categorie di lavoratori.

Entro la giornata di oggi tutti i ferrovieri si uniranno al movimento generale.

Evviva la solidarietà del proletariato Italiano.

Lo sciopero generale nazionale è scoppiato

Da stamane tutti i lavoratori d'Italia, per ordine dell'Alleanza del Lavoro, abbandoneranno il lavoro per schierarsi a difesa della loro vita e libertà

Nessuna categoria fa eccezione al movimento

Revolutionary soldiers at the Brandenburg Gate, November 1918

remained a hybrid form, an achilles heel of the economy never attaining full subordination to capitalist laws.

This view of the Russian state being in the service of developing capitalism in Russia also allowed Bordiga to go beyond the focus on bureaucracy of Trotsky's theory, and its mirror in most state capitalist theories, such as the Germans, of identifying these new state officials as a new ruling class. Bordiga felt that the obsession with finding individual capitalist or substitutes for capitalists had lost Marx's understanding of capital as above all an impersonal force. As Bordiga said 'determinism without men is meaningless, that is true, but men constitute the instrument and not the motor.'[31] Such a point also applies to the state: as Bordiga argued, 'it is not a case of the partial subordination of capital to the state, but of ulterior subordination of the state to capital'[p.7] State

31 Quoted in Camatte's *Community and Communism in Russia* p..9-10

despotism in Russia was at the service of the capitalist mode of production pushing its development in areas that resisted it. However, a weakness of Bordiga's analysis was that whereas he looked under the surface of the Soviet claims about agriculture, he tended to base his view that the state sector was governed by the law of value simply on the appearance of forms, like commodities and money, and on Stalin's claims that value exists under socialism. So although the Italian Left seemed at first closer to the Trotsky's notion of a degenerated workers state, it was through Bordiga's literal interpretation of Lenin on the Russian economy, he could go beyond both Trotsky and the German Left.

Conclusion

As stated in the introduction, any analysis of the Russian revolution and the society that emerged from it cannot be separated from a conception of what communism is. Indeed one way in which all the left communists, unlike Trotsky, could go beyond Second International Marxism, was by insisting that neither the transition to communism nor communism itself should in any way be identified with state-control of the means of production. Indeed nothing short of their proper socialisation or communisation would do. It was this perspective that allowed them to distance themselves from, and criticise Russia as being state capitalist or, as Bordiga put it, simply capitalist.

However, with regard to their specific answers to the question of what a genuine communisation process would have consisted in, the situation was slightly more ambiguous. The Germans (and to some extent the Russians), in their focus on the economic sphere, ultimately ended up with a notion of communism consisting in workers' self-management. The important differentiation between capitalism and communism was correctly seen to lie in workers overcoming their separation from the means of production. The idea was that only in the factory, only at the point of production could workers overcome the domination maintained by bourgeois politics, cease to act as isolated bourgeois individuals and act as a socialised force, as a class. This slipped into a factoryism which neglected the fact that the enterprise is a capitalist form *par excellence* and that if the class is united, there it is united as variable capital. It was this councilist approach that led them to work out rather mathematical accounting schemes[32] for how the transition to communism could work and elaborate schemes for how the councils could link up.

The problem with this self-management approach was of course that it seemed to imply that as long as the enterprises were managed by the workers themselves, it did not matter that capitalist social relations continued to exist. It is in this sense that the German Left never managed to make a full break from Second International Marxism's identification with the development of the productive forces and with the working class as working class.

It was in this respect that the importance of the Italian Left came out. In emphasising the 'primacy of the political', they could take a more social and holistic standpoint. Communism was not just about replacing the party with the councils, and state-control with workers control.[33] Communism, they argued, was not merely about workers managing their own exploitation, but about the abolition of wage labour, the enterprise form and all capitalist categories. The fundamental question was not so much that of '*who* manages?', but about '*what* is managed?'

But whilst the German Left's focus on the economic had led them into the self-management trap, one thing it did allow them to do was to emphasise the subjectivity of the working class as an agent of change. This notion of subjectivity was, if not entirely absent in the theory of the Italian Left, then reserved only for the party.

The absurdities involved in rejecting any notion of working class subjectivity became especially clear in the Italian Left's assessment of Russia. There, they argued, communism could be represented in the correct political line of a ruling party managing a system of capitalist social relations - a ridiculously unmaterialist position - arguing that what mattered was not the social relations in a country,[34] but the subjective intentions of those in power (a perfect justification for repression based on the notion that 'it was for their own good they were massacred'). And it was in this respect that the Italian Left had not completely broken from the politicism/partyism of the Second International.

Indeed, it was the blind spots in each theory that led to their mutual incomprehension: whilst the Italian Left saw the Germans as nothing more than a Marxoid form of anarcho-syndicalism, the Germans in turn merely saw the Italians as a bunch of Leninists. But if the dogmatic sides of their respective theories merely served to push them further apart, it was ultimately the one-sidedness of their respective approaches that resulted in them not breaking entirely away from the dogmatism of the Second International. Whilst the Italian Left had arrived at a more adequate notion of the content of communism, it was the German Left that was to provide the form through which emancipation could be reached.

In different ways, both the German and Italian left communist currents managed to maintain a correct political perspective. While the German Left emphasised workers' self-emancipation, the Italian Left provide a better angle on what communism would consist in. Yet, in terms of a 'scientific' account of the kind of society developing in the USSR, both fell down.[35]

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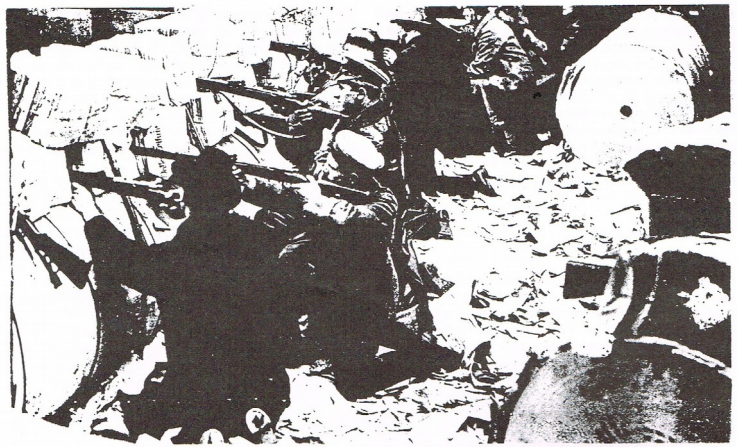
32 See *Fundamentals of Communist Production and Distribution* (Apple & Mejer, 1990, Movement for Workers' Councils).

33 See Dauve 'Leninism and the Ultra Left' (*Eclipse and Re-Emergence of the Communist Movement*. Op. Cit.)

34 One is not saying that communism can exist in one country or area before world revolution has generalised but that we can only say that revolution has triumphed there if a process of suppression of capitalist relations has begun.

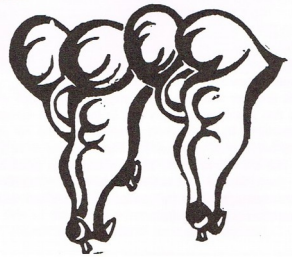
35 Camatte has attempted to synthesise the positive sides of both theories. By engaging in a detailed study of what Marx meant by the 'party', he argued that this should not be identified with the traditional formal party associated with Leninism and social



Spartacists fighting in the newspaper district

On the one hand, the German Left slipped into a conception of 'state capitalism' that was not grounded in value. Without this essential category they tended, like Tony Cliff and the Trotskyists, to see the USSR as a 'higher', crisis-free type of economy. Bordiga's theory, on the other hand, did not fall into the trap of seeing the USSR as a more advanced form of capitalism. Instead he recognised that Russia was in transition towards capitalism. As we shall see, this is an important insight into understanding the nature of the USSR.

But Bordiga did not really concern himself with value categories. He largely assumed that the obvious signs of capital accumulation must be based on commodities, money and wage-labour, all playing the same role as in the West. It is thus Mattick who exposed the issue more conscientiously. And if we are really to grasp the capitalist nature of the USSR, both before and since the fall of 'communism', we must, on the value question, provide a different answer than his. This will be explored in our final Part of this article in the next issue.



democracy. The 'party' was in no way something external to the working class introducing it to a communist consciousness and organisation it was incapable of generating by itself. Rather, the 'party' should be understood as an expression of the class, its production of a communist consciousness of those people who identified with and tried to act for communism. Rather than in the Leninist vision where spontaneity and organisation/consciousness are rigidly opposed Camatte returned to Marx's understanding that the party is something spontaneously generated out of the class. It was by relativising this Leninist notion of the party-form that Camatte could return to the notions of working class subjectivity of the German Left, whilst as the same time adopting the more holistic standpoint of the Italian Left. That is, he managed to overcome the dichotomy between the economic and the political, which had not only led to their mutual incomprehension, but more importantly in this context, to very different perception of the nature of Russia. It is by taking away the foundations on which the German and Italian Left based their theories of Russia, that Camatte's discussion of the party-form did have an indirect relevance for left communist theories of the Russian Revolution. (Camatte 1961 *The Origin and Function of the Party Form*).

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